

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

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 JUN 26 PM 4: 23

TO: Office of the City/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: July 8, 2008

RE: An Agency Resolution Amending Resolution No.2008-0006 C.M.S. to :
(1) Revise and Expand the Central District Basement Backfill and Repair Program, (2) Allocate An Additional \$2,000,000 For The Revised And Expanded Program For A Total Aggregate Amount Of \$3,100,000 From FY 2007-2009 Central District Funds, and (3) Authorize The Agency Administrator To Make Grants And Loans Under The Program Without Returning To The Agency

SUMMARY

The Central District Basement Backfill Program (BBP) was adopted as a pilot program in February of 2008 to provide grant and loan assistance to property owners to abandon and backfill their sub-sidewalk basements. Staff recommends the council consider the following actions:

1.) Revise the existing program to make structural repair work eligible under the loan program, and 2.) Expand the program to include sub-sidewalk basements underlying the Latham Square and the Old Oakland streetscape projects areas.

The Central District Basement Backfill and Repair Program (BBRP) is needed to assist property owners to reinforce or backfill their sub-sidewalk basements in order to allow for the publicly funded streetscape improvements to proceed.

FISCAL IMPACTS

Total cost of the BBRP is estimated at \$3,100,000. This includes a previous allocation of \$1,100,000 for the Broadway Streetscape Project and an additional allocation of \$2,000,000 for the Latham Square and Old Oakland projects.

The funding sources for the \$3,100,000 are as follows: \$2,600,000 from Central District Redevelopment Project Subordinated Tax Allocation Bonds Series 2003 Fund (9532), Capital Improvement Project Organization (94800), Downtown Streetscape Implementation Project (P128840), and \$500,000 from Central District Redevelopment Project Subordinated Tax Allocation Bonds Series 2005 Fund (9533), Capital Improvement Project Organization (94800), Downtown Streetscape Implementation Project (P128830).

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BACKGROUND

As part of the overall strategy to revitalize the downtown Central Business District, the Agency and the City are proposing streetscape improvements to three target areas in the downtown: Broadway, Latham-Telegraph and Old Oakland. These planned improvements include sidewalk replacement over vaulted basement spaces. The basement structures located directly beneath the sidewalks are deteriorated to the extent that they may not be able to provide adequate support for the new sidewalks which are planned to be installed by the City.

The Central District Basement Backfill Program was adopted as a pilot program in February of 2008 to provide grant and loan assistance to six property owners along Broadway to abandon and backfill their sub-sidewalk basements. Under the current program, if the property owner opts to reinforce their sub-sidewalk basement, the entire cost of repair is borne by the owner.

Many private property owners have been reluctant to participate in the current loan program, resulting in detailed discussions of what changes to the program would be required to achieve the high level of participation needed for the publicly funded streetscape work to proceed. Since the project was adopted earlier this year, property owners have requested that the program be modified to allow reinforcement and repair work to become eligible under the loan program. Their principal objection to the existing program is that abandoning and backfilling their basement means losing useable storage, relocating utility services, giving up freight access as well as potentially habitable space, with the additional disincentive of having a sizeable lien attached to the property.

The proposed revised Loan Program creates greater financial incentives for owners to participate. Loans for reinforcement are offered on a zero-interest basis, payable upon resale of the properties. Loans for abandonment and backfill of sub-sidewalk basements are forgiven upon satisfactory completion of the work, since this work has the greater public benefit of removing private encroachments from the public right-of-way.

As part of the overall strategy to revitalize the downtown central business district, the Agency and the City propose to expand the program to two other key streetscape projects in the downtown: The Latham-Telegraph streetscape project and the Old Oakland project.

KEY ISSUES AND IMPACTS

Sub-sidewalk basements exist at three of the downtown streetscape projects. The abandonment and backfill, or strengthening and repair, of the sub-sidewalk basements must be completed before the publicly funded streetscape improvements can proceed.

Broadway II/III Streetscape Improvement Project:

The original scope for this project included sidewalk replacement and pedestrian amenities including new street trees, tree grates, benches and bike racks along Broadway from 12th to 20th Streets. In February 2008, the Council supported staff's recommendation to execute a substantial

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scope reduction to the construction contract, eliminating the majority of the Broadway sidewalk replacement work. The pedestrian amenities were retained as part of the contract scope and the improvements are expected to be complete in July 2008. There are six (6) basements affected and the total cost of the grant and loan program is \$1,000,000 for this project. There was also \$100,000 previously approved for staff costs related to providing technical assistance to the property owners.

Old Oakland Streetscape Improvement Project:

The Washington (7th-9th Street Project) is intended to support the local businesses, residents, and visitors of the Old Oakland Historic District. While much of the District was restored during the late 1970s, the Washington Street Project completes these earlier efforts by replacing existing deteriorated sidewalk with new brick paving, adding pedestrian amenities that include two new corner bulb-outs to enhance pedestrian safety, historic street lighting, new street trees and grates, and pedestrian count-down timers. There are four (4) basements affected on three (3) parcels and the total cost of the grant and loan program is \$540,000 for this project. It is expected that it will take approximately 18 months to complete the backfill and strengthening of the basements in this area. There are sufficient funds currently budgeted to complete the streetscape work in this area.

Latham-Telegraph Streetscape Improvement Project

The Latham-Telegraph Streetscape Improvement project includes streetscape improvements from Latham Square continuing up Telegraph Avenue to Thomas Berkly Way (20th St.). The Latham-Telegraph Project is the most critical streetscape project because it is fronted by almost \$100 million of approved redevelopment projects that are presently under construction. Due to the financial constraints of implementing the entire project at once, and the difficulties encountered with basements in this project, staff identified a phased approach as the most feasible way to proceed with project implementation.

Phase I: The Telegraph Phase I project was selected to proceed first as there were no basements in the project area. The project was adopted by Council in April 2008 and construction is anticipated to start in July 2008. Construction completion is anticipated in November 2008.

Phase II: The Latham Square portion is recommended as the second phase of the project. There are twelve (12) basements affected in this project and the total cost of the grant and loan program is \$1,460,000. It is expected that it will take approximately 18 months to complete the backfill and strengthening of the basements in this area. There are sufficient funds currently budgeted to complete the streetscape work in this area.

Phase III: The Telegraph Phase III project is the final phase. There is an \$8.6 million shortfall necessary to fund the estimated cost for the loan and grant program (\$4.4M) and to implement the public streetscape improvements (\$4.2M)

Potential Sources to Fill Projected Telegraph Phase III Gap

In April 2008 staff prepared an Infill Infrastructure Grant Program application. On May 23, 2008 the Agency received a letter from the State Department of Housing and Community Development (HCD) indicating that it scored competitively enough to be considered for funding under the program. Agency staff applied for \$4.9 million dollars specifically to fund basement repair or backfill.

On June 19, 2008 the State HCD loan and grant committee approved \$4.9 million dollars to fund the basement backfill or repair work. A second source of potential funding for the Telegraph Avenue Phase III streetscape improvements is future Agency Downtown Streetscape Project Implementation budgets.

PROGRAM DESCRIPTION

The proposed program changes are highlighted in the chart found below:

Existing Basement Backfill Program	Proposed Basement Backfill and Repair Program
Agency Grant not to exceed \$20,000 to pay for engineering services for backfill of basements only	Agency Grant not to exceed \$20,000 to pay for engineering services for backfill or repair of basements
Zero Percent Agency Loan of up to \$4,000 per lineal foot to pay for backfill of basements only	Agency Loans of up to \$4,000 per lineal foot for reinforcement and repair offered on a zero interest basis, payable upon resale of the property. Agency Loans of up to \$4,000 per lineal foot for abandonment and backfill of sub-sidewalk basements, forgiven upon satisfactory completion of the work.

SUSTAINABLE OPPORTUNITIES

Economic: The Basement Backfill and Repair Program will provide third party engineering design services and construction job opportunities to improve the physical infrastructure of the Redevelopment Project Area and allow the publicly funded streetscape projects to move forward.

Environmental: Rehabilitated buildings preserve a range of building stock and conserve energy and materials more than new construction. Participants in the program will be encouraged to use recycled content building materials and low waste construction techniques.

Social Equity: The goal of both programs is to improve the physical and economic conditions of the Redevelopment Project Area.

DISABILITY AND SENIOR CITIZEN ACCESS

Any new construction that is implemented as a result of a grant and loan program from the Central District Basement Backfill and Repair Program will be required to comply with city, state, and federal ADA requirements.

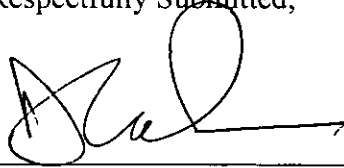
RECOMMENDATIONS AND RATIONALE

Staff recommends approval of the Agency resolution revising and expanding the Basement Backfill and Repair Program (BBRP) in the Central District Redevelopment Project Area. Authorizing the Agency Administrator to make grants and loans under the program will expedite the allocation of grant and loan funds. Approval of the Program would eliminate blighted conditions and would allow the City to implement key streetscape projects in the downtown.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests that the Agency Amend Resolution No.2008-0006 C.M.S. to: (1) Revise and Expand the Central District Basement Backfill and Repair Program, (2) Allocate An Additional \$2,000,000 For The Revised And Expanded Program For A Total Aggregate Amount Of \$3,100,000 From FY 2007-2009 Central District Funds, and (3) Authorize The Agency Administrator To Make Grants And Loans Under The Program Without Returning To The Agency.

Respectfully Submitted,



Dan Lindheim
Director
Community and Economic Development Agency

Reviewed by: Gregory Hunter, Deputy Director
Economic Development and Redevelopment

Prepared by:
George Durney, Project Manager
Redevelopment Division

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator

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Approved as to Form and Legality


Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

Resolution No. _____ C.M.S.

AN AGENCY RESOLUTION AMENDING RESOLUTION NO. 2008-0006 C.M.S. TO: (1) REVISE AND EXPAND THE CENTRAL DISTRICT BASEMENT BACKFILL AND REPAIR PROGRAM, (2) ALLOCATE AN ADDITIONAL \$2,000,000 FOR THE REVISED AND EXPANDED PROGRAM FOR A TOTAL AGGREGATE AMOUNT OF \$3,100,000 FROM FY 2007-2009 CENTRAL DISTRICT FUNDS, AND (3) AUTHORIZE THE AGENCY ADMINISTRATOR TO MAKE GRANTS AND LOANS UNDER THE PROGRAM WITHOUT RETURNING TO THE AGENCY

WHEREAS, Agency Resolution No. 2008-0006 C.M.S. authorized staff of the Community and Economic Development Agency to implement a pilot program known as the Central District Basement Backfill Program (the "Program") to provide incentives for property owners in the Broadway Streetscape project area to backfill their sub-sidewalk basement spaces within the project area so sidewalk improvements can be completed; and

WHEREAS, the Program provides for grants and loans, payable upon resale, for engineering costs and backfill of sub-sidewalk basements; and

WHEREAS, the Agency desires to amend the Program to make reinforcement and repair work on basements eligible for loans under the Program, to allow loans provided for backfill and abandonment of sub-sidewalk basements to be forgivable upon satisfactory completion of the work, and to expand the Program area to include sub-sidewalk basements underlying the Latham Square and Old Oakland Streetscape project areas; and

WHEREAS, the revised Program creates greater financial incentives for owners to participate; and

WHEREAS, such backfill or repair will assist in the elimination of blight and assist with retaining and attracting businesses and properties and increasing job opportunities in the Project Area; and

WHEREAS, the Program is consistent with and will further the purposes of the Central District Redevelopment Plan and its Five-Year Implementation Plan; and

WHEREAS, the Agency desires to authorize the Agency Administrator or her designee to make grants and loans for the Program within the budget available for this purpose without returning to the Agency; now, therefore, be it

RESOLVED: That Agency Resolution No. 2008-0006 C.M.S. is hereby amended to make reinforcement and repair work on basements eligible for loans, with the maximum loan amount for reinforcement/repair work not to exceed \$4,000 per lineal foot, under the Program, to allow loans for backfill and abandonment of sub-sidewalk basements to be forgivable upon satisfactory completion of the work, and to expand the Program to include sub-sidewalk basements underlying the Latham Square and Old Oakland Streetscape project areas; and be it

FURTHER RESOLVED: That the Agency hereby allocates an additional \$2,000,000 for the revised and expanded Program for a total aggregate amount of \$3,100,000 from Central District Tax Allocation Bond Fund (9532), Capital Improvement Project Organization (94800), Downtown Streetscape Implementation (P128840) and Central District Tax Allocation Bond Fund (9533), Capital Improvement Project Organization (94800), Downtown Streetscape Implementation (P128830) for the Basement Backfill and Repair Program; and be it

FURTHER RESOLVED: That the Agency authorizes the Agency Administrator or her designee to adopt guidelines for the Program, to make grants and loans under the Program within the budget available for these purposes and negotiate and execute contracts without returning to the Agency, and to take other action with respect to the Program and the grants and loans consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST:

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California