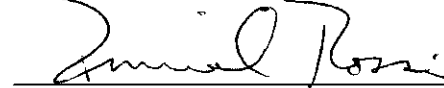


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OFFICE OF THE CITY CLERK
OAKLAND

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APPROVED AS TO FORM AND LEGALITY:


Agency Counsel

REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

**RESOLUTION ADOPTING A REPLACEMENT HOUSING PLAN FOR HOUSING
UNITS THAT MAY BE DEMOLISHED AT THE WESTERNER HOTEL, 1918 - 1954
SAN PABLO AVENUE, FOR THE UPTOWN PROJECT**

WHEREAS, Section 33413 of the California Health and Safety Code requires that dwelling units housing households of very low, low or moderate income that are destroyed or otherwise removed from the low and moderate income housing market as part of a redevelopment project that is subject to a written agreement with a redevelopment agency or that receives financial assistance from the agency be replaced on a one-for-one basis with comparable units; and

WHEREAS, Section 33413.5 of the California Health and Safety Code requires that a redevelopment agency adopt by resolution a replacement housing plan if such dwelling units are destroyed; and

WHEREAS, the Agency will be financially assisting the development of the Uptown Project in the Central District by Uptown Partners, LLC, pursuant to a Lease Disposition and Development Agreement ("LDDA") and other development agreements; and

WHEREAS, the Uptown Project may require the demolition of 33 housing units located at 1918 - 1954 San Pablo (the "Westerner Hotel") which house or previously housed households of very low, low or moderate income; and

WHEREAS, the Agency has drafted a Replacement Housing Plan for the Uptown Project, attached to this Resolution as Exhibit A, providing for the replacement within four years of the housing units that may be demolished in the Westerner Hotel with comparable units affordable to very low, low, and moderate income households developed as part of the first phase of the Uptown Project itself; and

WHEREAS, the Replacement Housing Plan includes all elements required by Section 33413.5 of the California Health and Safety Code; and

WHEREAS, a draft of the Replacement Housing Plan was made available to other public agencies and the general public a reasonable time prior to the adoption of this Resolution; now, therefore, be it

RESOLVED: That the Agency hereby adopts the Replacement Housing Plan for the Uptown Project, attached to this Resolution as Exhibit A; and be it further

RESOLVED: That the Agency Administrator or her designee is hereby authorized to take action as necessary to implement the Replacement Housing Plan, and take any other action with respect to the Replacement Housing Plan consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2004

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____

CEDA FLOYD
Secretary of the Redevelopment Agency
of the City of Oakland

EXHIBIT A

**REPLACEMENT HOUSING PLAN
FOR THE UPTOWN PROJECT**

(attached)

EXHIBIT A

UPTOWN PROJECT

REPLACEMENT HOUSING PLAN

I. Introduction

The Redevelopment Agency of the City of Oakland (the "Agency") is proposing to assist the development of the Uptown Project (the "Project"), as described in Section II below. The Project is proposed to be located within the Redevelopment Project Area for the Central District (the "Project Area"), which is governed by the Central District Urban Renewal Plan adopted on June 12, 1969, and subsequently amended or supplemented on January 21, 1971, on May 29, 1973, on December 16, 1975, on December 12, 1978, on June 12, 1979, on August 3, 1982, on October 2, 1984, on June 11, 1985, on March 27, 1990, on February 18, 1997, on October 27, 1998, and on July 24, 2001 (the "Redevelopment Plan").

The Project may require the targeted acquisition and demolition of existing low-income housing units by the Agency.

This Replacement Housing Plan for the Uptown Project ("Replacement Housing Plan") will guide and facilitate the Agency's efforts to rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, replacement housing for persons or families of low or moderate income in accordance with the requirements of State law (California Health and Safety Code § 33413.5).

II. Uptown Project

The proposed Project is sponsored by Uptown Partners, LLC, a California limited liability company, the Agency, and the City of Oakland (the "City"). The Agency and Uptown Partners will enter into a Lease Disposition and Development Agreement ("LDDA") and related redevelopment agreements for the purpose of developing the Project.

The proposed Project consists of approximately 700 residential units that will be developed in 2 phases (590 units in the first phase and 110 units in phase 2), at least 14,500 square feet of neighborhood-serving commercial rental space, parking facilities, public open space and related facilities.

The Project site is bounded by Thomas L. Berkley Way (20th Street) on the north, Telegraph Avenue on the east, 18th Street on the south and San Pablo Avenue on the west. (referred to as the "Project Site", as identified on Exhibit A attached hereto and made a part hereof).

The first phase of the Project itself would provide the replacement housing for the very-low income units that may be lost as a result of the demolition of the very-low income units located at 1918 - 1954 San Pablo (the "Westerner Hotel") for the Uptown Project

Twenty-five percent (25%) of the residential units in the Project will be affordable to persons of low and moderate income, of which eighty percent (80%) shall be affordable to households earning incomes not exceeding fifty percent (50%) of the area median income (AMI), and twenty percent (20%) shall be affordable to households earning incomes not to exceed one hundred twenty percent (120%) of AMI.

EXHIBIT A

The following chart indicates the types of units and total number of bedrooms to be constructed during the first phase of the Project, which would provide all of the replacement housing units for the Westerner Hotel:

Type of Unit	Number Of Units	Affordability	Affordability	Affordability	Total Number of Bedrooms
Number of Bedrooms		Very Low Income (50% of AMI)	Moderate Income (120% of AMI)	Market Rate	
Studio	25	5	4	16	25
1	375	75	17	283	375
2	155	31	8	116	310
3	35	7	1	27	90
Totals:	590	118	30	442	800

The Lease Disposition and Development Agreement (LDDA) between the Agency and Uptown Partners will include rental affordability restrictions for the Very Low Income and Moderate Income units. Uptown Partners will be required to execute a regulatory agreement with the Agency that will preserve the affordability of these units for a term of 55 years.

III. Compliance With State Law

§ 33413(a) of the California Health and Safety Code provides in part as follows:

“Whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low and moderate income housing market as part of a redevelopment project which is subject to a written agreement with the Agency or where financial assistance has been provided by the Agency, the Agency shall, within four years of the destruction or removal, rehabilitate, develop or construct, or cause to be rehabilitated, developed or constructed, for rental or sale to persons and families of low or moderate income, an equal number of replacement dwelling units that have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the Agency.... When dwelling units are destroyed or removed on or after January 1, 2002, 100 percent of the replacement dwelling units shall be available at affordable housing cost to persons in the same or a lower income category (low, very low, or moderate), as the persons displaced from those destroyed or removed units.”

This Replacement Housing Plan provides that 100 percent of the replacement dwelling units will be available at affordable housing cost to persons of very low income.

§ 33413(c)(1) through (4) of the California Health and Safety Code provides in part as follows:

“The agency shall require that the aggregate number of replacement dwelling units and other dwelling units rehabilitated, developed, constructed, or price-restricted pursuant to subdivision (a) or (b) remain available at affordable housing cost to, and occupied by, persons and families of low-income, moderate-income, and very low income households, respectively, for the longest feasible time, but for not less than 55 years for rental units and 45 years for homeownership units,

EXHIBIT A

except as set forth in paragraph (2)... The requirements of this section shall be made enforceable in the same manner as provided in paragraph (2) of subdivision (f) of §33334.3....”¹

This Replacement Housing Plan provides that the Project shall be governed by a recorded regulatory agreement, enforceable by the Agency and the City of Oakland, requiring the replacement housing units to remain available at affordable housing cost and occupied by persons or families of very low income for a period of 55 years.

The following terms shall have the same meaning in this Replacement Housing Plan as in California Health and Safety Code § 33411.2: “affordable housing cost,” “replacement dwelling unit,” “persons and families of low and moderate income,” and “very low income households.”

IV. General Location of Replacement Housing

As indicated on Exhibit A, all of the replacement dwelling units as defined in California Health and Safety Code § 33411.2, to be developed or caused to be developed by the Agency in the Project Area are located in the Central District Redevelopment Project Area which is within the territorial jurisdiction of the Agency. The replacement dwelling units are scattered throughout the first phase of the Uptown Project.

V. Means of Financing

Funding for the first phase of the Uptown Project will include the following sources and amount of financing:

Multi-family Housing Revenue Bonds	\$84,658,193
Developer Equity	\$25,342,353
Tax Increment Rebate until 2020	\$10,050,715
Agency Gap Financing	\$11,661,899
Low Income Housing Tax Credits	\$7,239,712
TOTAL	\$138,952,872

The specific funding for the replacement dwelling units will be through the use of Agency Low and Moderate Income Housing Funds, tax increment revenues and proceeds of tax allocation bond sales, *low-income housing tax credits*, *Agency land sale proceeds*, and *private debt and equity financing*.

VI. Finding that the Replacement Housing Plan Does Not Require Approval Under Article XXXIV of the California Constitution

By its terms, Article XXXIV is only applicable if a “state public body” (which includes the Agency) “develops, constructs, or acquires” a “low rent housing project.” However, California Health and Safety Code § 37001(f) excludes from the definition of a “low-rent housing project” the “replacement of...dwelling units of a previously existing low-rent housing project, or a project previously or currently occupied by lower income households”. Also exempt is privately owned housing not property tax exempt (other than pursuant to the welfare exemption for low income housing) if not more than 49% of project units are occupied by low income persons. (See California Health and Safety Code § 37001(a)). Finally, under California Health and Safety Code § 37001.5(e), the term “develop, construct, or acquire” does not include Agency activities to the extent the Agency merely “Provides assistance to a low-rent housing project and monitors

¹ The removal or destruction of units in the Westerner Hotel is exempt from the provisions of Agency Resolution No. 2003-54 C.M.S. The exemption is specifically noted in the resolution.

EXHIBIT A

construction or rehabilitation of such project and compliance with conditions of such assistance to the extent of: (1) carrying out routine governmental functions; (2) performing conventional activities of a lender; (3) imposing constitutionally mandated or statutorily authorized conditions accepted by a grantee of the assistance.”

The low-income affordable units in the Uptown Project provided under this Replacement Housing Plan are replacing dwelling units in the Westerner Hotel previously occupied by lower income households. Also, only 20% of the Uptown Project housing units will be affordable to low-income households; these units will be privately owned and will not be tax exempt except under the welfare exemption. Finally, in assisting the affordable housing component of the Uptown Project and monitoring construction and compliance with the conditions of such assistance, the Agency will be carrying out its routine governmental functions as a housing development agency, will be performing the conventional activities of a lender, and will be imposing conditions on the Project developer authorized under the California Community Redevelopment Law. Thus, based on the above facts it is hereby found and determined that the replacement housing component of the Uptown Project is exempt from the requirements of Article XXXIV under California Health and Safety Code §§ 37001(a) and (f) and 37001.5(e).

VII. Number of Dwelling Units Housing Persons and Families of Low or Moderate Income Planned for Construction and Rehabilitation

A. Analysis of Existing Units Housing Persons and Families of Low or Moderate Income

The following charts analyze the actual number and income characteristics of the units to be destroyed or removed at 1918 - 1954 San Pablo:

Dwelling Units to be Removed

Number of Bedrooms	Number of Units	Percent of Total Units (%)
0 or 1	33	100

Number of Units Occupied by Very Low Income Households¹

Number of Bedrooms	Number of Units	Percent of Total Units (%)
0 or 1	17	52

Sixteen of the units to be demolished or removed are currently vacant.

B. Analysis of Dwelling Units to be Rehabilitated, Developed or Constructed

Uptown Partners, LLC, will develop a large mixed-income residential project in the Project Area as part of the Uptown Project. Seventy-five percent (75%) of the units will be market rate housing units, twenty percent (20%) will be affordable to very low income households and five percent (5%) will be affordable to households earning no more than 120 percent of area median income. Uptown Partners will develop this project in two phases, with the first phase including approximately 590 units, of which 118 units will be affordable to households earning incomes not to exceed 50 percent of area median income. The units in the Uptown Project consist of studios, one-bedroom and two-bedroom apartments as described in the following table:

EXHIBIT A

Type of Unit	Number Of Units	Affordability	Affordability	Affordability	Total Number of Bedrooms
Number of Bedrooms		Very Low Income (50% of AMI)	Moderate Income (120% of AMI)	Market Rate	
Studio	25	5	4	16	25
1	375	75	17	283	375
2	155	31	8	116	310
3	35	7	1	27	90
Totals:	590	118	30	442	800

The replacement units will consist of studio apartments and 1-bedroom units. The Agency shall cause to be developed or constructed, for rental to persons and families of very-low income, an equal number of replacement units to those 33 units to be destroyed or removed subject to and in accordance with the following standards:

1. **Timing:** The Agency will complete the replacement dwelling units within four years of the destruction or removal of dwelling units required to be replaced under this Replacement Housing Plan.
2. **Income:** One hundred percent of the replacement dwelling units will be rented at rents affordable to, and will be occupied by, very low income persons or households.
34. **Guarantee for Displacees:** Those persons and families of low or moderate income who are displaced as a result of the Uptown Project shall be guaranteed priority for replacement housing in accordance with the eligibility criteria attached hereto.

VIII. Timetable For Development of the Replacement Housing

The following schedule indicates the projected completion date for the replacement dwelling units:

Site	Number of Units to be Developed	Income Levels	Status	Completion
Uptown Project Area, Phase I	33	Very Low	Predevelopment	September of 2007

Total Replacement Units: 33

The Oakland Planning Commission certified the Environmental Impact Report for the Uptown Project on February 18, 2004, which completes all steps necessary under the CEQA project approval process. In June 2004, the Agency's governing body will conduct a public hearing to consider whether to approve a LDDA and related financing assistance for the development of the Uptown Project. The LDDA will be executed 30 days after Agency approval. Pursuant to the terms of the LDDA, Uptown Partners and the Agency will apply for an allocation of tax-exempt housing revenue bonds for the first phase of the Uptown Project in the first bond allocation round, which is anticipated to take place in February of 2005. Simultaneously, Uptown Partners will complete all required construction documents, obtain all planning and zoning approvals and

EXHIBIT A

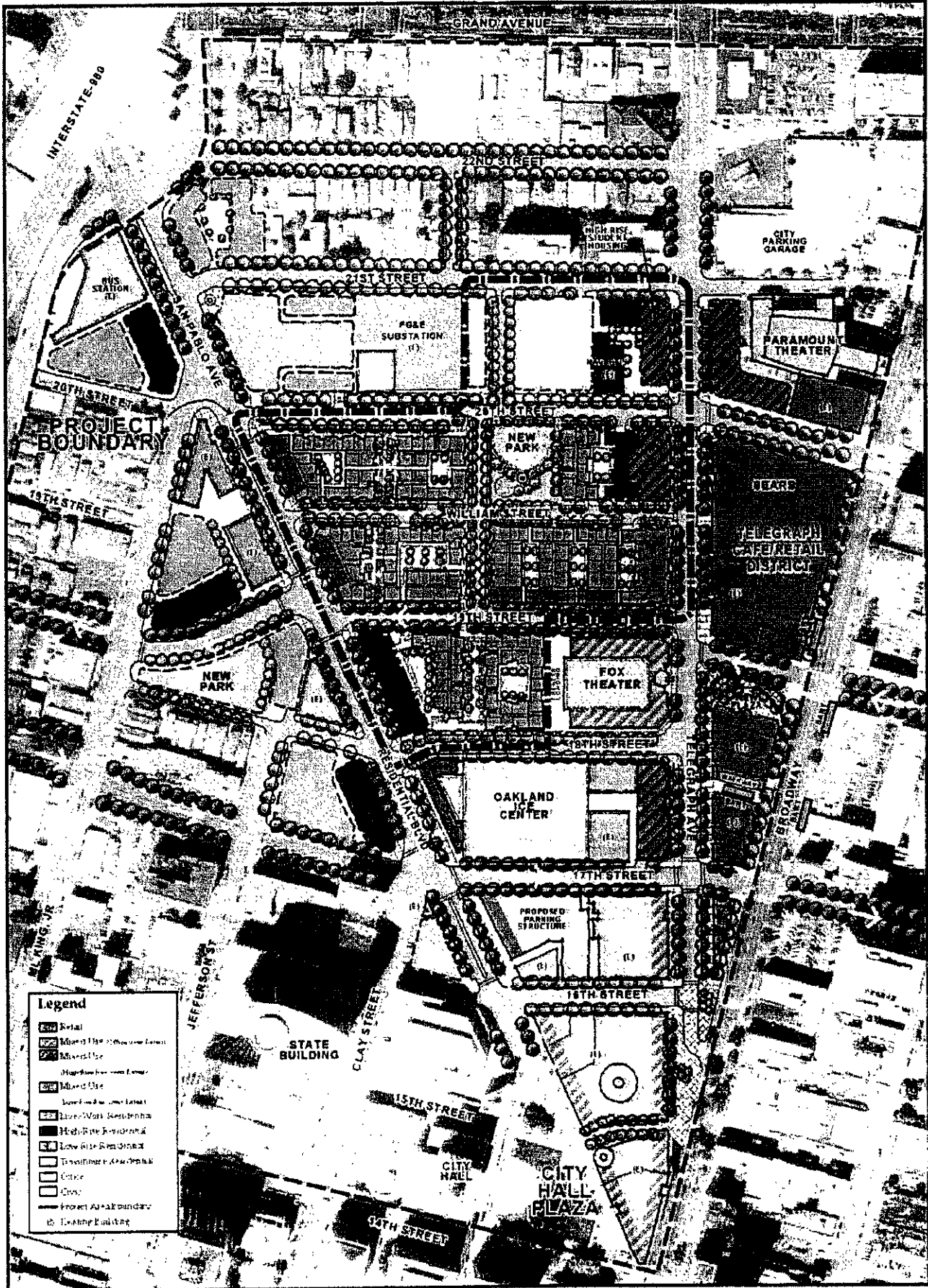
building permits. Construction of the first phase of the project is anticipated to commence in July of 2005 and is expected to be completed by July 2007.

IX. Monitoring and Reporting

Pursuant to California Health and Safety Code § 33418, the Agency will monitor on an ongoing basis, any housing affordable to persons and families of low or moderate income developed or otherwise made available pursuant to this Replacement Housing Plan.

The Agency will require the owners or managers of the Project to submit an annual report to the Agency. The annual report to the Agency must set forth the rental rate, income, and family size of the occupants of each unit (with the income information certified by each occupant). The Agency may impose fees on the owners of the monitored property to defray the cost of this monitoring system. The information obtained from this monitoring system will be included in any reports required by law to be submitted to the Department of Housing and Community Development or the Controller.

EXHIBIT A-1



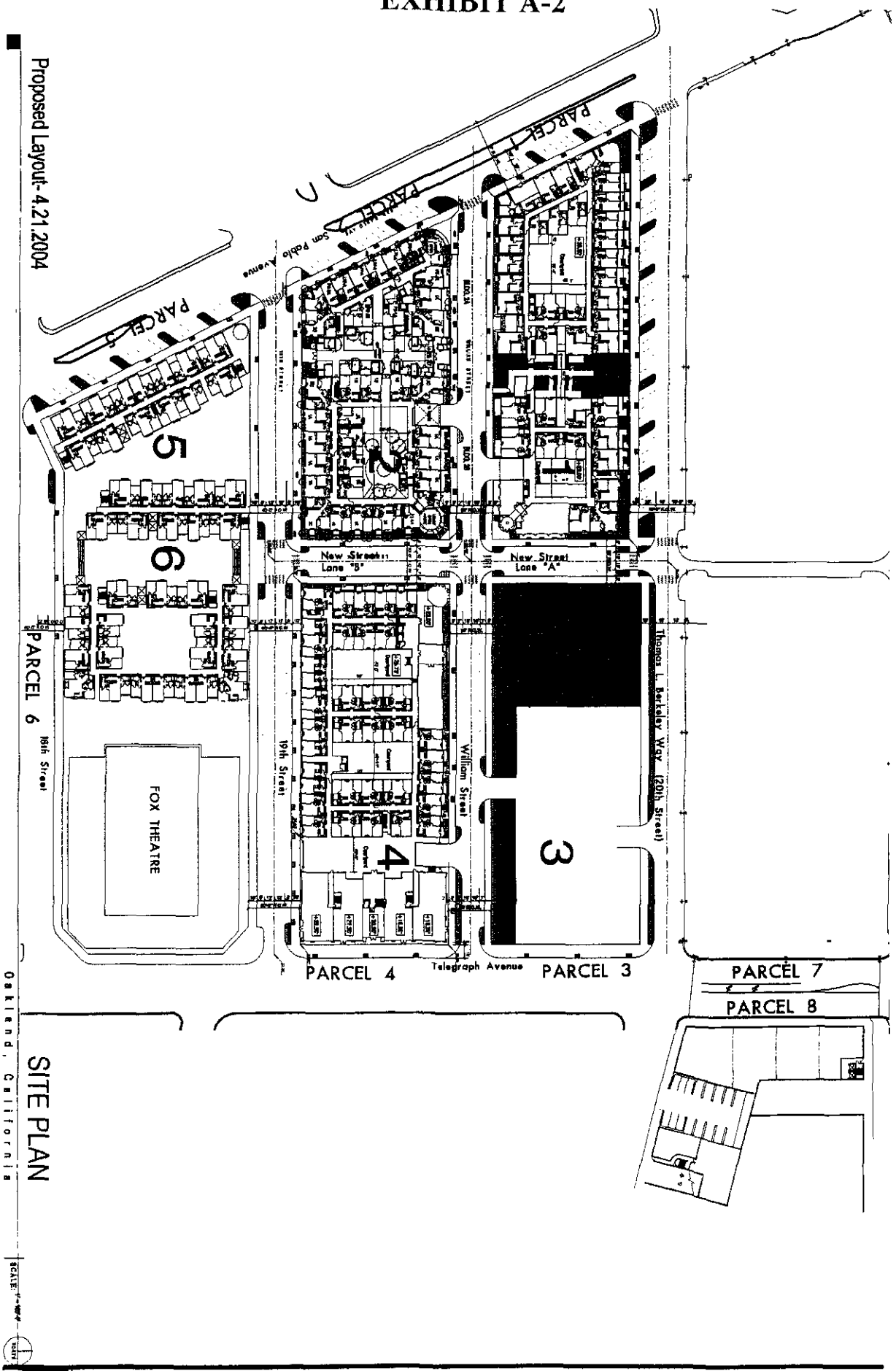
UPTOWN PROGRAM AREA CONCEPT PLAN

UPTOWN PROGRAM AREA
 San Francisco, California
 1994

Scale: 1" = 100'

EXHIBIT A-2

Proposed Layout- 4.21.2004



Oakland, California

SITE PLAN

EXHIBIT B-1
Uptown Development Project - Phase I (590 units on Parcels 1, 2& 4)
Tax Increment Calculations

Fiscal Year	Project Assessed Value	Base Assessed Value (1)	Difference	Applicable Tax Rate	Tax Increment	Pass-Through	ERAF	Net	Gross Receipts Tax Rebate	Total
2007-2008	\$95,470,993	(\$7,243,000)	\$88,227,993	1.1775%	\$1,038,885	(\$207,777)	(\$60,048)	\$771,060	\$0	\$771,060
2008-2009	\$111,100,000	(\$7,243,000)	\$103,857,000	1.1775%	\$1,222,916	(\$244,583)	(\$70,685)	\$907,648	\$172,126	\$1,079,775
2009-2010	\$113,322,000	(\$7,243,000)	\$106,079,000	1.1775%	\$1,249,080	(\$249,816)	(\$72,197)	\$927,067	\$177,290	\$1,104,358
2010-2011	\$115,588,440	(\$7,243,000)	\$108,345,440	1.1775%	\$1,275,768	(\$255,154)	(\$73,739)	\$946,875	\$182,609	\$1,129,484
2011-2012	\$117,900,209	(\$7,243,000)	\$110,657,209	1.1775%	\$1,302,989	(\$260,598)	(\$75,313)	\$967,078	\$188,087	\$1,155,165
2012-2013	\$120,258,213	(\$7,243,000)	\$113,015,213	1.1775%	\$1,330,754	(\$266,151)	(\$76,918)	\$987,686	\$193,730	\$1,181,416
2013-2014	\$122,663,377	(\$7,243,000)	\$115,420,377	1.1775%	\$1,359,075	(\$274,194)	(\$78,555)	\$1,006,326	\$199,542	\$1,205,868
2014-2015	\$125,116,645	(\$7,243,000)	\$117,873,645	1.1775%	\$1,387,962	(\$287,203)	(\$80,224)	\$1,020,535	\$205,528	\$1,226,063
2015-2016	\$127,618,978	(\$7,243,000)	\$120,375,978	1.1775%	\$1,417,427	(\$298,046)	(\$81,927)	\$1,037,453	\$211,694	\$1,249,147
2016-2017	\$130,171,357	(\$7,243,000)	\$122,928,357	1.1775%	\$1,447,481	(\$309,106)	(\$83,664)	\$1,054,711	\$218,045	\$1,272,755
2017-2018	\$132,774,784	(\$7,243,000)	\$125,531,784	1.1775%	\$1,478,137	(\$320,388)	(\$85,436)	\$1,072,313	\$224,586	\$1,296,899
2018-2019	\$135,430,280	(\$7,243,000)	\$128,187,280	1.1775%	\$1,509,405	(\$331,894)	(\$87,244)	\$1,090,267	\$231,324	\$1,321,591
2019-2020	\$138,138,886	(\$7,243,000)	\$130,895,886	1.1775%	\$1,541,299	(\$343,631)	(\$89,087)	\$1,108,581	\$238,263	\$1,346,844

Other Inputs

AB 1290 Pass Through	
Through December 2013	20%
Additional Amount January 2014	16.80%
ERAF	5.78%
Annual Assessed Value Increase	2%

Present Value Calculations

Discount Rate	Gross Increment	Net Increment	Total
6%	\$11,712,888	\$8,621,581	\$10,199,085

(1) See Exhibit 3 for detail.

Sources: Alameda County; City of Oakland Redevelopment Agency; Forest City Residential West, CSG Advisors; and Sedway Group.

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26-May-04

EXHIBIT B-2
Uptown Development Project - Phase II (110 units on Parcel 3)
Tax Increment Calculations

Fiscal Year	Project Assessed Value	Base Assessed Value (1)	Difference	Applicable Tax Rate	Tax Increment	Pass-Through	ERAF	Net	Gross Receipts Tax Rebate	Total
2007-2008	\$10,100,000	(\$477,500)	\$9,622,500	1.1775%	\$113,305	(\$22,661)	(\$6,549)	\$84,095	\$0	\$84,095
2008-2009	\$20,200,000	(\$477,500)	\$19,722,500	1.1775%	\$232,232	(\$46,446)	(\$13,423)	\$172,363	\$0	\$172,363
2009-2010	\$21,700,000	(\$477,500)	\$21,222,500	1.1775%	\$249,895	(\$49,979)	(\$14,444)	\$185,472	\$33,624	\$219,096
2010-2011	\$22,134,000	(\$477,500)	\$21,656,500	1.1775%	\$255,005	(\$51,001)	(\$14,739)	\$189,265	\$34,633	\$223,898
2011-2012	\$22,576,680	(\$477,500)	\$22,099,180	1.1775%	\$260,218	(\$52,044)	(\$15,041)	\$193,134	\$35,672	\$228,806
2012-2013	\$23,028,214	(\$477,500)	\$22,550,714	1.1775%	\$265,535	(\$53,107)	(\$15,348)	\$197,080	\$36,742	\$233,822
2013-2014	\$23,488,778	(\$477,500)	\$23,011,278	1.1775%	\$270,958	(\$54,647)	(\$15,661)	\$200,649	\$37,844	\$238,494
2014-2015	\$23,958,553	(\$477,500)	\$23,481,053	1.1775%	\$276,489	(\$57,138)	(\$15,981)	\$203,370	\$38,980	\$242,350
2015-2016	\$24,437,724	(\$477,500)	\$23,960,224	1.1775%	\$282,132	(\$59,215)	(\$16,307)	\$206,610	\$40,149	\$246,759
2016-2017	\$24,926,479	(\$477,500)	\$24,448,979	1.1775%	\$287,887	(\$61,332)	(\$16,640)	\$209,914	\$41,354	\$251,268
2017-2018	\$25,425,009	(\$477,500)	\$24,947,509	1.1775%	\$293,757	(\$63,493)	(\$16,979)	\$213,285	\$42,594	\$255,879
2018-2019	\$25,933,509	(\$477,500)	\$25,456,009	1.1775%	\$299,745	(\$65,696)	(\$17,325)	\$216,723	\$43,872	\$260,595
2019-2020	\$26,452,179	(\$477,500)	\$25,974,679	1.1775%	\$305,852	(\$67,944)	(\$17,678)	\$220,230	\$45,188	\$265,418

Other Inputs

AB 1290 Pass Through Through December 2013	20%
Additional Amount January 2014	16.80%
ERAF	5.78%
Annual Assessed Value Increase	2%

Present Value Calculations

Discount Rate	Gross Increment	Net Increment	Total
6%	\$2,235,553	\$1,645,493	\$1,915,623

(1) See Exhibit 3 for detail.

Sources: Alameda County; City of Oakland Redevelopment Agency; Forest City Residential West; CSG Advisors; and Sedway Group.

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26-May-04

EXHIBIT C

Uptown Project Project and Financing Summary

Address/Location:	The area generally bounded by Thomas L. Berkley Way (formerly 20th Street) on the north, Telegraph Avenue on the east, 19th Street on the south and San Pablo Avenue on the west.
Developer:	Uptown Partners LLC (a single purpose corporate entity established by Forest City Residential West, Inc. ("Forest City")) specifically for the development of the Uptown Project.
Type of Construction:	New
Number of Units:	700 units
Total Development Costs:	\$196,290,000/\$282,414 per unit
Request for Local Funds:	\$54,800,000/\$78,286 per unit (without Public Park)
Local Funds as Percent of Total Project Costs:	28 percent

Affordability Level

Type of Unit	Number Of Units	Affordability	Affordability	Affordability
Number of Bedrooms		Very Low Income (50% of AMI)	Moderate Income (120% of AMI)	Market Rate
Studio	30	6	5	19
1	456	89	19	338
2	183	37	11	135
3	41	8	1	32
Totals:	700	140	36	524

Project Description

The Uptown project is a transit-oriented, mixed-income development with at least 700 rental apartments to be developed on a 5.81 acre site (excluding the 25,000-square-foot public park). Project density is approximately 120 units per acre. The Project site represents a transition zone between more intense commercial and civic land uses to the east and south of the site, and less intense residential, commercial and institutional uses to the north and west. Key transit facilities in the vicinity of the Project include BART stations location at the following locations: 1) 19th Street and Broadway; and 2) 12th Street and Broadway. Surface and structured parking areas cover the majority of the site,

but in there are also a mixture of residential and commercial uses such as, 2 auto repair shops, the Sears Auto Center, a hotel, a couple of businesses and a restaurant.

In addition to the primary residential component, Uptown Partners proposes to provide at least 14,500 square feet of neighborhood-serving commercial space along Telegraph Avenue; a 25,000 square foot public park, to be owned by the City of Oakland or the Redevelopment Agency, that borders on Thomas L. Berkley Way, which will be constructed with City funds and maintained by Uptown Partners with funds generated by the Project.

In addition to the main Uptown Project, Uptown Partners will be granted an option, to run for three (3) years from the date of execution of the LDDA, to purchase from the Agency at fair market value a portion of the property behind the Fox Theater and start construction on a 270-unit market-rate condominium tower along San Pablo Avenue. Uptown Partners will attempt to recruit an associate developer for this project component. Uptown Partners will also work with the Agency to select a developer for the Affordable Housing Project to be built on Parcel 6 behind the Fox Theater.

Project Schedule

Uptown Partners would like to develop the Project in one phase. However, it is not certain if the developer will be able to obtain a multi-family tax-exempt housing bond allocation from the State of California for the entire project. As a result, the developer is prepared to finance and construct the project in two phases. During the first phase, Forest would develop 590 rental units on Parcels 1, 2 and 4, while Phase II would consist of the development of at least 110 rental units on Parcel 3. Phase I would start in the late spring/early summer of 2005, with Phase II likely following by late summer of 2007 and project completion occurring in 2009. If the Uptown Project needs to be developed in 2 phases, the Agency would enter into a separate LDDA and Ground Lease for each phase. Under this scenario, there is the possibility that Phase II may never be developed by Forest City in the event that they are not successful in securing project financing for that phase.

Project Design

Forest City and its team have arrived at a project design that combines architectural variety for the buildings, while creating a pedestrian-oriented streetscape that establishes the Project Area and its surroundings as a unique neighborhood in the central business district. The Uptown Project will provide a mix of housing types in a non-gated community setting. The design plans call for the construction of several five-story structures atop parking podiums which would be approximately 65 feet in height on each block. Unit types shall include a mix of studio, live/work residential, and one, two and three bedroom units. The two "super" city blocks that encompass the Project Area will be subdivided into 4 smaller blocks/parcels. The project site plan shall be designed in a way to foster the creation of a new neighborhood district that will be pedestrian-friendly by incorporating landscaped pedestrian walkways within the project site, widening the sidewalks and calming traffic through the reduction of traffic lanes and the addition of

corner bulb-outs. The Project Area circulation network shall be designed in a way that will further calm the flow of traffic by featuring street tree wells, tree islands in parking areas and a set of narrow new north-south interconnected tree-lined streets that allow for pedestrian and partial vehicular access to the individual buildings from all of the major streets bordering the Project Area. William Street will be an important artery in the street network of the Project Area. The buildings on each block will have a different design and façade, while common streetscape elements such as paving materials, lighting and landscaping unify the character and identity of the Uptown Project. The design approach of Forest City’s team is motivated by the “New Urbanist” understanding that it is important to create sustainable urban communities that are diverse, mixed-use, and pedestrian friendly. Hence, the project design emphasizes the development of a neighborhood that provides a range of housing types near jobs, recreation, and transit. The LDDA includes an attachment that consists of preliminary schematic design guidelines and specifications for the proposed project. All planning entitlements for the project are subject to review and approval by the Planning Commission.

Project Development Costs

Use	Total
Land Acquisition	20,600,000
Onsite/Offsite Costs	5,700,000
Construction Costs	126,200,000
Construction Costs – Commercial	862,500
Developer Fee	0
General & Administrative Costs	6,700,000
A & E	5,000,000
F,F, & E	1,200,000
Marketing	450,000
Property Taxes During Construction - Lease-up	1,098,000
Insurance	857,500
Interest Reserve/Operating Deficit	2,480,300
Financing Costs	4,440,400
City Fees	4,050,200
Uptown Partners' Legal Fees	500,000
Predevelopment Cost	4,787,300
Project Contingency	8,360,000
Hazardous Materials Abatement	3,000,000
Total Residential Dev Cost	196,290,000

Sources of Funds

Sources	Total	% of Dev. Cost
Tax-exempt Multifamily Housing Revenue Bonds	\$101,200,000	52%
Uptown Partners Equity	\$31,500,000	16%
Low Income Housing Tax Credits	\$8,590,000	4%
Total City/Agency Funds Requested (without Public Park)	\$54,800,000	28%
Total	\$196,290,000	100%

Total Uses of City/Agency Funding Assistance to the Uptown Project

Use of Funding	Amount	CITY	ORA	Project Generated
Agency Gap Financing	\$8,300,000		\$8,300,000	
City Gap Financing	\$5,300,000	\$5,300,000		
Net Available Increment + Net Business Tax Reimbursement 2007- 2020	\$12,100,000			\$12,100,000
Hazardous Materials Reimbursement	\$3,000,000		\$3,000,000	
Off-site Improvements	\$5,700,000		\$5,700,000	
Public Park	\$1,000,000	\$1,000,000		
Site Acquisition	\$20,400,000		\$20,400,000	
TOTAL	\$55,800,000.00	\$6,300,000	\$38,400,000	\$12,100,000

Total Uses of Agency Funding Assistance to the Affordable Housing Project

Use of Funding	Amount	ORA
Agency Gap Financing	\$2,050,000	\$2,050,000
Site Acquisition	\$3,000,000	\$3,000,000
TOTAL	\$5,050,000	\$5,050,000

EXHIBIT D COOPERATION AGREEMENT TERM SHEET

1. Coalition's Understanding re Uptown Project Scope and Subsidy

The Uptown project proposed by Forest City Residential Development West, Inc. (Forest City) includes:

- 700 units of rental housing
- Income restrictions keeping 20 percent, or 140 units, affordable to households earning up to 50 percent of the area's median income
- 5 percent or 35 of the 700 units, including the affordable units, will be 3 - bedroom units
- The total project subsidy from the Agency to Forest City will be in an amount of approximately \$58.1 million, except for increases related to site assembly or hazardous materials remediation
- Parcel 6, measuring approximately 37,230 square feet (.85 acres), will be reserved for a 100% affordable project.

2. Clarification of Forest City's Role as Master Developer

- Forest City's participation in the development of a 100 percent affordable housing project on Parcel 6 will be a requirement in the Lease Disposition and Development Agreement between the Agency and Forest City.
- The Agency, in consultation with Forest City, will jointly issue a Request for Proposals (RFP) for the development of Parcel 6.
- Within 30 days of the Agency's approval of the Lease Disposition and Development Agreement (LDDA) Forest City will prepare for incorporation into the RFP project various design guidelines and standards for the development of the 100 percent affordable housing project on Parcel 6. These guidelines and standards will be similar to and compatible with the design of the adjacent Forest City Project.
- Forest City and the Agency will jointly select the developer for the 100 percent affordable housing project. Provisions have been made in the LDDA to define the parameters of Forest City's participation in this process. Forest City's approval or rejection of a developer must be based on the requirements included in the RFP, including compliance with the design guidelines.
- Forest City will not receive a developer fee for their role as master developer of Parcel 6.

- Parcel 6 will be directly transferred from the Agency to the selected developer for the project, without Forest City acting as an intermediary owner.

3. RFP Parameters for the 100 Percent Affordable Housing Development on Parcel 6

A. Minimum Developer Qualifications

The minimum developer qualifications shall be consistent with those included in the City of Oakland's NOFA for Rental and Ownership Housing.

B. Design Requirements

The project must have at least 70 rental units. Generally, the project design must be compatible with, and of the same finish quality as the adjacent multi-family housing development proposed by Forest City. Toward that goal, Forest City will prepare project design guidelines and standards that will be attached to the RFP and show sample elevations, materials, and finishes used in the adjacent Uptown project. The project design and program elements will be subject to approval by the Redevelopment Agency, in consultation with Forest City. In addition, the project must address the following, based on the type of target group:

- a. security;
- b. common space;
- c. secure, on-site laundry facilities;
- d. children's play area;
- e. landscaping;
- f. child-care center, if financially feasible;
- g. at least 50 percent of the units must be provided for larger families (3 & 4 bedrooms), and at least 12 studio apartments must be provided;
- h. space for tenant service programs to be provided on-site; and
- i. a description of the management plan and tenant services programs, to be provided on site, shall including after-school programs.

C. Target Income Groups

- a. The units must be affordable to households earning a range of incomes, but not exceeding 60 percent of the AMI as published by HUD. At least 12 studio apartments shall be affordable to households with incomes at or below 35 percent of AMI. These are the threshold affordability requirements. Project selection criteria will include provisions that give preference to projects that provide deeper levels of affordability than these minimums. Respondents are encouraged to

apply for Project Based Section 8, HOPE IV, or Shelter Plus Care vouchers for all units, if these programs are available.

- b. The project would provide preference for individuals/households living and/or working in Oakland. Any such preferences must be consistent with state and federal laws.

D. Property Management

- a. A preliminary property management plan for the project would be required and be subject to review by the Agency, in consultation with Forest City. The management plan must include a description of the tenant services programs that will be provided at the property.

E. Financing

- a. The maximum long-term gap financing for the residential project from sources under the discretion of the Community and Economic Development Agency, shall not exceed \$2,050,000. In addition, the Agency will be responsible for the costs of land, frontage improvements and hazardous materials abatement.
- b. \$1.4 million in gap financing for the Parcel 6 affordable housing project will be funded out of the Agency non-housing tax increment revenues
- c. \$650,000 in gap financing for the Parcel 6 affordable housing project may be funded out of the low and moderate income housing set-aside.
- d. The selected developer may apply for additional City/Agency funding assistance under the applicable Notice of Funding Availability issued each year by CEDA.
- e. The Agency's total monetary liability under the Cooperation Agreement (financial gap assistance, hazardous materials remediation, off-site improvements, etc.) shall not exceed in any event the sum of \$3,050,000, not including the value of the land itself, staff time or overhead, NOFA funds or other Agency or City financial assistance the developer may receive outside of the agreement, litigation expenses, and specified hazardous materials remediation funds that the Agency or City may obtain beyond that required by the agreement.

F. Development Schedule and Site Availability

- a. The development of a 100 percent affordable housing project on Parcel 6 is contingent on the execution of the ground lease for the Uptown Project. The Agency will begin recruitment of a developer for Parcel 6 within 45 days following execution of the LDDA between the Agency and Uptown Partners. The RFP

shall require that responses shall be submitted no later than sixty (60) days after the release of the Parcel 6 RFP. The Agency shall negotiate in good faith and select a developer for Parcel 6 within 90 days of the response date for the RFP.

- b. Parcel 6 shall be available for development by September 1, 2006. If both (1) the Agency has leased Parcel 6 to the Oakland School of the Arts (OSA) at any point in time, and (2) extraordinary circumstances caused by the relocation of the OSA to the Fox Theater, necessitate a delay in making Parcel 6 available for development, then the Agency may make Parcel 6 available for development no later than September 1, 2007.
- c. Sufficient utility capacity will be provided for the site by Forest City.
- d. Access to Parcel 6 during Forest City construction will be available from at least one public street and such access shall be adequate to obtain a building permit and obtain a certificate of occupancy at project completion.

G. Remedies

- a. If by July 1, 2005, the Agency has not created Parcel Six, or the Agency for any reason has not entered into a disposition and development agreement for development of the Parcel Six Project with such development to occur as described in the agreement, then the City and Agency shall create a legal parcel for Parcel Six, if it has not already done so, and the Agency will prepare (with input from the Coalition) and record a Declaration of Restrictions on Parcel Six that recites the following:
 - 1. Parcel Six can only be used for residential housing and ancillary services
 - 2. Allows for construction of at least 70 units on the site;
 - 3. Fifty percent of the units must have three and four bedrooms;
 - 4. All units must be affordable to and reserved for households with no greater income than 60% of AMI for a period of 55 years;
 - 5. 15% of the units must be affordable to and reserved for households with income no greater than 35% of AMI for a period of 55 years.

6. The restrictions in the Declaration shall run with the land and will be enforceable by the Agency and the City against subsequent landlords;
7. Title shall revert to the Agency if a subsequent landowner attempts to or develops the property in a manner inconsistent with the Restrictions.
8. The Declaration cannot be amended or rescinded without the consent of the Coalition.

H. City's Obligation

The City will agree for 5 years not to rezone Parcel Six to preclude an affordable housing project with up to 70 units, with 50% of the units being 3 or 4 bedroom units.

I. Agency/ City Programs

The selected developer for the project will be required to comply with all applicable City/Agency requirements.