



## AGENDA REPORT



**TO:** Honorable Mayor & City Council

**FROM:** Councilmember Kaplan (At-Large) & Councilmember Fife (District 3)

**SUBJECT:** Mandela Station Loan Authorization

**DATE:** March 16, 2023

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### **RECOMMENDATION**

**Councilmembers Kaplan And Fife Recommend That The City Council:**

**Adopt a Resolution Authorizing An Affordable Housing Development Loan In An Amount Not To Exceed Eighteen Million Dollars (\$18,000,000) To Mandela Station Partners LLC For The Mandela Station Affordable Housing Development Located At The West Oakland Bart Station At 7th Street And Mandela Parkway**

### **EXECUTIVE SUMMARY**

This resolution would authorize an affordable housing development loan in an amount not to exceed \$18 million to Mandela Station Partners LLC for the Mandela Station Affordable Housing Development located at the West Oakland BART station.

### **BACKGROUND / LEGISLATIVE HISTORY**

The resolution is complementary to [File No. 23-0130](#), Mandela Station Affordable Housing Development, which allocates Measure U funds for the construction of the Mandela Station Affordable housing development. This resolution authorizes the loan agreement for that allocation, and was drafted at the request of the City Attorney's Office as a companion item to the resolution which allocates funds to the Mandela Station project.

Mandela Station Partners LLC proposes to develop a 240-unit affordable housing project at the West Oakland BART Station at 7th Street and Mandela Parkway in the City of Oakland known as the Mandela Station Affordable Development, along with other aspects of a mixed-use development. This funding is exclusively for the affordable housing. Two hundred thirty-eight units will be rented, 60 of which will be dedicated units to homeless housing, with 35% of the units rented to households at or below 30% of area median income (AMI), 17% of the units rented to households at or below 50% of AMI, and 48% of the units rented to households at or below 60% of AMI.

The Mandela Station Development is a visionary mixed-use, mixed-income, transit-oriented development with approximately 16,000 square feet of neighborhood retail space at the heart of the most visible and accessible historic Black commercial corridor of the Bay Area. Along with the affordable housing Project will be additional components as part of a larger master plan including 300,000 square feet of office and life science space, 522 market-rate rental apartments, 37,000 square feet of retail space, and 1.7 acres of public plazas and paseos.

Oakland City Council  
March 21, 2023

## **ANALYSIS AND POLICY ALTERNATIVES**

The terms of the loan authorized in this resolution are as follows:

- The loan will be for a maximum term of 55 years with repayment to the City from a share of surplus cash flow from the project and other available funds during the term of the loan with the balance due at the end of the term - or on other repayment terms and schedule as negotiated with the City Administrator in the best interests of the City and the project.
- The loan will be secured by a deed of trust on the Project land/improvements.
- The loan funds will be reserved for a period of no more than one year from the date of the commitment letter, and shall be subject to reprogramming at the end of this period unless the Developer has secured commitments for full project funding or provided other assurances of adequate project funding that the City Administrator deems sufficient

In addition, this resolution authorizes the City Administrator, at their discretion, to subordinate the priority of the City's deed of trust to the liens or encumbrances of other private or governmental entities providing assistance to the Project. However, this can only be done on the condition that the City's affordability restrictions not be subordinated in priority to other liens or encumbrances, with the exception of preexisting liens or encumbrances or refinancings of pre-existing liens, or the liens or encumbrances of other governmental entities providing assistance to the Mandela Station Affordable Housing Project.

## **FISCAL IMPACT**

This resolution would authorize an affordable housing development loan in an amount not to exceed \$18 million to Mandela Station Partners LLC for the Mandela Station Affordable Housing Development located at the West Oakland BART station. The project as a whole will create numerous jobs and business opportunities in Oakland, and will generate millions of dollars of tax revenue for the City. The Affordable Housing component is a requirement of the overall project, and thus also enables bringing retail and other beneficial uses to the community.

## **COORDINATION**

This resolution was drafted at the request of the City Attorney's office in complement to [File No. 23-0130](#), and has been approved as to form and legality by their office.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** As it relates to the project itself, the Mandela Station project includes a redesigned BART entry plaza and retail space under the BART tracks, a 300,000 square foot, with-story mid-rise building with potential uses in biotech or the life sciences industry, and a market-rate residential building with 520 units.

Each of the components would have retail space on the ground floor. There would be a total of 53,000 square feet of ground floor retail space across the four components. The Mandela Station Affordable Development will also kick off a series of development projects in the West Oakland BART TOD Area that will include workforce housing, market-rate housing, retail, and commercial activities that will generate jobs and provide needed services.

**Environmental:** The Bay Area Rapid Transit District (BART) is redeveloping many of its station parking lots into transit-oriented development (TOD) projects. TOD projects are higher-density, often mixed-use developments adjacent to transit, which locate housing and jobs near transit, potentially reducing the need for driving and increasing transit ridership. Building housing near public transit is vital in the City's effort to reduce vehicle miles traveled by passenger cars.

**Race & Equity:** The proposed project is part of a master-planned site occupying two city blocks in West Oakland, a historically Black community that has been disproportionately impacted by redlining, economic disinvestment, physical division from higher-resourced areas due to the construction of multiple freeways and BART tracks, and intensification of freight activity at the Port of Oakland. The project area has been designated by the state as a Disadvantaged Community as well as a Low Resource Opportunity area, and High Segregation zone. The City's goal is to create a diverse high-density community that provides housing and job opportunities for existing and new residents and does so in a context that respects West Oakland's rich history.

This transformational project will be culturally and economically appropriate for current and future West Oakland residents, particularly for low-income households of color. Funding the project will assist with the development of 240 affordable units, one-third of which will target extremely low-income households, including homeless, emancipated youth, and disabled individuals. This is the largest proposed affordable project in the Bay Area and will provide housing to hundreds of families in the West Oakland community, including 60 homeless tenants.

#### **ACTION REQUESTED OF THE CITY COUNCIL**

Councilmembers Kaplan and Fife Recommend That The City Council

Adopt a Resolution Authorizing An Affordable Housing Development Loan In An Amount Not To Exceed Eighteen Million Dollars (\$18,000,000) To Mandela Station Partners LLC For The Mandela Station Affordable Housing Development Located At The West Oakland Bart Station At 7th Street And Mandela Parkway

For questions regarding this report, please contact Christine Miyashiro, Policy Director, at [Cmiyashiro@oaklandca.gov](mailto:Cmiyashiro@oaklandca.gov).

Respectfully submitted,

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