



# AGENDA REPORT

**TO:** Jestin D. Johnson  
City Administrator


**FROM:** Sofia Navarro  
Interim Director,  
Economic & Workforce  
Development Department

**SUBJECT:** Authorization of Liberation Park Mixed-Use  
Development LDDA and DDA

**DATE:** January 23, 2024

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City Administrator Approval

  
Jestin Johnson (Feb 1, 2024 17:23 PST)

Date: Feb 1, 2024

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## **RECOMMENDATION**

**Staff Recommends That The City Council Adopt The Following Ordinances:**

**(1) An Ordinance Authorizing The City Administrator To Negotiate And Execute A Disposition And Development Agreement Between The City Of Oakland And Liberation Park Market Hall, Or Its Affiliates, For The Sale Of A Portion Of The Property Located At 73rd Avenue And Foothill Boulevard (Parcel 1) And Development Of A Mixed-use Market Hall And Cultural Center, For The Appraised \$994,996 Fair Market Value, With A Term Of Two And One-half Years With Two One-year Administrative Extension Options; And Adopting California Environmental Quality Act Findings; And**

**(2) An Ordinance Authorizing The City Administrator To Negotiate And Execute (A) A Lease Disposition And Development Agreement Between The City Of Oakland And Liberation Park Residences, L.P., Or Its Affiliates, For Development Of 119 Units Of Affordable Housing On A Portion Of The Property Located At 73rd Avenue And Foothill Boulevard (Parcel 2), With A Term Of Two And One-half Years With Two One-year Administrative Extension Options, (B) A 99-year Ground Lease, And (C) A 55-year Capitalized Loan In The Amount Equal To \$1,505,004; And Adopting California Environmental Quality Act Findings**

**(3) An Ordinance Authorizing The City Administrator To Negotiate And Execute An Extension To An Existing License Agreement By And Between The City Of Oakland And Black Cultural Zone Community Development Corporation, To Operate A Community Service Outdoor Market On The Property Located At 73rd Avenue And Foothill Boulevard For A Term Ending On The Earlier Of October 18, 2027, Or The Commencement Of Construction On The Property , For A License Fee Of Five Hundred Dollars (\$500) Per Month; Making Findings That The Below Market Rate License Fee Is In The Best Interests Of The City; And Adopting California Environmental Quality Act Findings**

## **EXECUTIVE SUMMARY**

The proposed ordinances would support the development of the City-owned property located at 7101 Foothill Boulevard (Property) for the Liberation Park Mixed-Use Development, an affordable housing and commercial project consisting of 118 units of affordable housing as well as a commercial building that will include a market hall with local vendors, cultural performance space, office space for cultural entrepreneurs and an outdoor roller-skating rink among other community-serving uses (Project) and temporary park use pending the start of construction.

The Property would be developed on two parcels (***Attachment A***).

1. Liberation Park Residences, L.P., an affiliate of the Black Cultural Zone Community Development Corporation (BCZ) and Eden Housing, Inc. (Eden, and together with BCZ, the Residential Developer), would build the 119 residential units on Parcel 2, consisting of 118 units affordable to extremely low and low-income households and one unrestricted managerial unit (Residential Project). The Residential Developer now desires to enter into a Lease Disposition and Development Agreement (LDDA) and ground lease (Lease) with the City to rent Parcel 2 for this purpose. The LDDA will have a term of two and a half (2.5) years, plus two (2) one-year administrative extension options. The Ground Lease will have a term of 99 years.

2. Liberation Park Market Hall, Inc., an affiliate of BCZ and Community Arts Stabilization Trust (CAST), together, the Commercial Developer, would develop the market hall and cultural center (Commercial Project) on Parcel 1. It now proposes to enter into a Disposition and Development Agreement (DDA) with the City and buy Parcel 1, at fair market value to build the Commercial Project. The DDA will also have a term of two and a half (2.5) years, plus two (2) one-year administrative extension options.

Detailed term sheets for the LDDA, Lease and DDA are attached to this report as ***Attachments B, C and D***, respectively and are discussed more below.

Lastly, BCZ is currently operating a temporary outdoor community space known as Liberation Park on the Property, which includes the popular Akoma Market, pursuant to a license agreement (License Agreement) with the City. The License Agreement will expire on October 18, 2024, and needs to be extended to ensure continuation of the successful outdoor park and market. Staff proposes to extend the License Agreement until the earlier of October 18, 2027, or the commencement of construction of the Residential Project on Parcel 2. This action will ensure that the otherwise vacant property stays active and in use by the community until construction starts on the Project.

## **BACKGROUND / LEGISLATIVE HISTORY**

### **A. The Property**

The Property at 7101 Foothill Boulevard (APN: 039-3291-020) is located within the Eastmont neighborhood on the northwest corner of 73rd Avenue and Foothill Boulevard. The triangular lot is approximately 1.22 acres in area and abuts the Eastmont Town Center. It is also adjacent to the Alameda County Transit (AC Transit) Eastmont Transit Center. In 2008, the former Oakland Redevelopment Agency purchased the vacant lot for approximately \$2.2 million from the then owners of the Eastmont Town Center.

On May 24, 2023, the City Planning Bureau approved a Tentative Parcel Map (TPM) to subdivide the Property into two legal parcels, Parcel 1, comprising approximately 0.49 acres (21,158 square feet),

and Parcel 2, comprising approximately 0.73 acres (32,003 square feet). The TPM will not be recorded until execution of the Lease with the Residential Developer at closing.

The Property is subject to an existing License Agreement between the City and BCZ, dated May 1, 2020, and amended on December 18, 2020, and October 19, 2023, for operation of a temporary community outdoor market known as Akoma Market.

The Property is also subject to certain deed restrictions related to food sales in favor of McDonalds and Taco Bell. On December 6, 2022, the City Council passed [Resolution No. 89507 C.M.S.](#), authorizing the City Administrator to negotiate the removal, amendment, or waiver of these deed restrictions.

On March 30, 2023, the Property was appraised at a fair market value of \$2,500,000 and a fair market rental value of \$150,000 per year. Based on each parcel's respective size, the proportional share of Parcel 1 in the total fair market value of the Property is \$995,000, while the proportional share of Parcel 2 is \$1,505,000. The proportional fair market rental value of Parcel 2 is \$90,300 per year.

## **B. Legislative History**

On July 21, 2020, pursuant to [Resolution No. 88233 C.M.S.](#), the City Council declared the Property to be surplus land pursuant to the Surplus Lands Act (SLA). On October 26, 2020, the City issued a Notice of Availability (NOA) to solicit proposals for the acquisition and development of the Property. The City received four responses: the original proposed developer team consisting of BCZ, CAST and Curtis Development (Developer); Affirmed Housing Group; Bridge Housing and Lowney Architecture; and Eagle Environmental Construction & Development. After evaluating each proposal, including project scope, budget, timeline, and developer experience, staff selected the original developer's proposal for an affordable housing and a commercial project.

On August 25, 2021, the California Department of Housing & Community Development (State HCD) declared the proposed disposition of the Property for the Liberty Hall Mixed-Use Development compliant with the SLA.

On February 10, 2022, pursuant to [Resolution No. 88873 C.M.S.](#), the City and Developer entered into an 18-month ENA for the Project. The ENA was administratively extended by six months from April 19, 2023, until October 19, 2023. On July 11, 2023, the City Administrator, as permitted per Section 11 of the ENA, signed a First ENA Amendment to remove Curtis from the development team and add Eden as a new member. On October 17, 2023, pursuant to [Resolution No. 89947 C.M.S.](#), the City Council approved a Second ENA Amendment, extending the term by an additional six months from October 19, 2023, to April 19, 2024, to conclude negotiations of the transaction documents between the City and the Residential and Commercial Developers.

On January 27, 2023, the City's Planning Bureau approved the entitlements for the Project (PLN 22196) pursuant to Government Code Section 65913.4 (also known as SB 35).

### C. Project Proposal

The Project consists of two components to be developed separately: the Residential Project would be constructed on Parcel 2 and the Commercial Project on Parcel 1. Parcel 2, the larger parcel to be created by the Property subdivision, will be leased by the Residential Developer for construction of affordable housing, while Parcel 1 is anticipated to be sold to the Commercial Developer for the market hall and cultural center.

#### *The Residential Project*

The Residential Project on Parcel 2 will include 119 units, of which 118 units will be 100 percent affordable to extremely Low, very Low, or low-income individuals and families earning between 20% and 60% of Alameda County's area median income (AMI), and one unrestricted managerial unit. The Residential Developer plans to set aside units for the unhoused. **Table 1** below provides an overview of the number of units by unit type proposed by the Residential Developer.

**Table 1**

<b>Liberation Park Residences - Unit Mix</b>	
<b>Unit Types</b>	<b>Number of Units</b>
Studio	10
One-Bedroom	44
Two-Bedrooms	33
Three-Bedrooms	32
Manager Unit	1
<b>Total</b>	<b>119</b>
<b>Total Estimated Residents</b>	<b>400</b>
<b>Affordability Range by AMI</b>	<b>20% - 60%</b>

The Residential Developer currently estimates total development costs for the affordable housing to be approximately \$129.6 million. They have invested nearly \$1.4 million in predevelopment costs for the Residential Project and secured another \$1.5 million predevelopment line of credit with Housing Trust of Silicon Valley to cover the remaining design of the Project and move into the permitting phase. In October 2023, the City and the Residential Developer received an award of \$9.2 million from State HCD's Infill Infrastructure Grant program. In addition to applying for 4 percent Low Income Housing Tax Credit (LIHTC) and Tax-Exempt Bonds, the Residential Developer will pursue additional permanent financing from the State. Along with the City and AC Transit as co-applicants, the Residential Developer will apply for funding from the California Strategic Growth Council's Affordable Housing and Sustainable Communities (AHSC) in March 2024. If awarded, a portion of the AHSC funding would directly support sustainable transportation infrastructure and related transit amenities. The Residential Developer also plans to apply for funding from the City.

### *The Commercial Project*

The Commercial Developer proposes to build a free-standing market hall and arts and cultural center with an adjacent courtyard and outdoor roller-skating rink. Approximately 31,800 square-foot in size, the commercial building will have three stories with the public market hall on the first floor, office uses on the second floor, cultural spaces on the third floor and roof top terrace bar and garden. The new building will provide cultural performance space, community space, service provider offices, classrooms for technical education, maker space, flexible space to accommodate pop-up vendor stalls, and co-working and office spaces for cultural entrepreneurs.

The Commercial Developer currently estimates total development costs for the market hall and cultural center to be approximately \$46 million. They have invested \$300,000 in pre-development funding for the Commercial Project. Funds that have been committed to the commercial component include \$2 million from CAST, with \$1 million designated for predevelopment and \$1 million for construction, \$553,000 from the Hewlett Foundation's Performing Arts Acquisition Fund (PAAF), while an additional \$150,000 earmark from Representative Barbara Lee through Local Initiatives Support Corporation (LISC) is being processed. The Commercial Developer is also working with Rise East Oakland to obtain a \$12.5 million commitment from Blue Meridian Partners, who have committed \$50 million to Rise East Oakland on the condition of raising matching funding. Lastly, the Commercial Developer plans to apply for an allocation of New Market Tax Credits (NMTCs) for the Commercial Project and is also evaluating the HUD Section 108 Loan Program.

### **D. Project Developer**

#### *Black Cultural Zone Community Development Corporation*

BCZ is a founding member of both, the Residential and the Commercial Project teams. BCZ is a Black- and women-led, California nonprofit corporation founded in 2019 by the East Oakland Black Cultural Zone Collaborative, based in East Oakland. Its mission is to center Black arts, culture, and economics in its work, and resource, transform, and build collective power for local communities. BCZ is led by Carolyn Johnson, an Oakland resident from the Eastmont neighborhood, with substantial experience activating public and private properties that have been vacant and underutilized. Under her leadership, BCZ successfully created Liberation Park pursuant to the City-issued License Agreement with its neighborhood-serving programming at the Property. Carolyn Johnson was previously the Director of Commercial Real Estate at the East Bay Asian Local Development Corporation (EBALDC).

#### *Community Arts Stabilization Trust*

CAST was founded in 2013. It is a non-profit arts and real estate organization that creates permanently affordable spaces for culturally rooted businesses and small and mid-sized arts organizations, with a focus on Oakland and San Francisco. As part of its programs and services, CAST offers real estate development and asset management services to small and mid-sized nonprofits, individual artists, or creative entrepreneurs. CAST recently developed 447 Minna Street in San Francisco, which offers a variety of affordable spaces for rent.

*Eden Housing*

Eden is a non-profit affordable housing developer with more than 55 years of experience. Eden has developed or acquired more than 10,600 affordable homes in communities throughout California, currently serving a diverse population of 22,000 low-income residents from all cultures and backgrounds. Eden is operating the Altheim project in East Oakland. Eden is a leader in environmentally sustainable development and is also known as a champion of housing policy advocacy at the local, state, and national level, supporting practices that both create and preserve affordable housing for diverse communities.

**ANALYSIS AND POLICY ALTERNATIVES**

**A. Residential Project (Parcel 2) – LDDA and Lease Terms**

The LDDA for the Residential Project is proposed to have a term of two and one-half (2.5) years, plus two (2) one-year administrative extension options. The Lease is proposed to have a term of 99 years. Rent will consist of a one-time upfront payment in the amount of \$1,505,004, which payment will be financed with a loan from the City to the Residential Developer (Ground Rent Loan). The loan will have a term of 55 years, a simple interest rate of three percent (3%), and will be repaid from annual residual receipts on a pro-rata basis with other public lenders providing financial assistance over the term. "Residual receipts" refers to cash flow remaining after payment of required project expenses and fees, including debt service, operating expenses, required reserves, and payment of developer fees, asset management fees, and partnership management fees. Alternative lease payments may be negotiated resulting from funding source requirements and could entail additional City Council approval.

*Reuse Rental Value of Parcel 2*

Oakland Municipal Code (OMC) Section 2.42.180.A-B requires City property to be disposed at the fair market value, fair market rental value or fair reuse value, based on the City's assessment of the proposed development and use, prevailing market conditions and development climate at the time of disposition, and other economic and noneconomic factors. As described further below, Parcel 2 will not be leased at its fair market rental value of \$150,000 per year, but rather at an amount closer to its reuse value, which is approximately \$0, taking into account all such factors. Therefore, the City could opt not to charge any rent to the Residential Developer; however, the deferred repayments of the City's Ground Rent Loan to the Residential Developer to finance the upfront rental payment, as described in more detail below, will be used for affordable housing financing assistance in the future.

The reuse rental value of Parcel 2 is derived from the residual land value given the proposed affordable housing development and the project economics associated with leasing 118 of the 119 units to income eligible households at restricted rent levels as required in the LDDA and Lease. Generally, a residual land value analysis considers all costs associated with a proposed development and compares these costs with the potential available funding sources for the development given Parcel 2's reuse restriction. Given its planned development as affordable housing, revenues from the Residential Project on Parcel 2 will be significantly limited and future cash flow will be insufficient to secure adequate private financing to pay for the total development costs. Therefore, the Residential Project is only feasible with substantial subsidies from the City and other public entities.

Specifically, the residual land value represents the difference between all available funding sources to finance the Residential Project and its total estimated development costs. The pro forma financial statement for the Residential Project indicates that the total targeted sources of funding for development of Parcel 2 and the total estimated development costs are each approximately \$129.6 million. The residual land value is the difference between these projected sources and costs, and, therefore, the residual land rental value and the derived reuse rental value to the City are \$0. Without the projected \$129.6 million in combined funding resources that will be provided by public agencies and private partners to support the development of affordable housing, the Residential Development would have a significant funding gap and the reuse value and reuse rental value would be negative.

However, to generate funding for future affordable housing in Oakland, the City and the Residential Developer have agreed that instead of charging \$0 rent equivalent to the fair reuse value, the City will provide a Ground Rent Loan to finance a one-time upfront rent payment of \$1,505,004, which is the proportional fair market value of Parcel 2. The Ground Rent Loan terms are not comparable to conventional market rate seller financing because the City loan carries a below-market interest rate of 3 percent and loan repayment is deferred until the affordable housing project generates residual receipts that are shared with other public lenders for debt service. The below-market rate terms of the Ground Rent Loan are therefore considered by the City as financial assistance to the Residential Project and the Residential Developer will have to comply with the City's Local Business and Employment Programs.

### ***B. Commercial Project (Parcel 1) - DDA and Sale Terms***

The DDA with the Commercial Developer is proposed to have a term of two and one-half (2.5) years, plus two (2) one-year administrative extension options. The Commercial Developer has requested to purchase rather than lease Parcel 2 from the City for its proportional fair market value of \$994,996. Even though the City usually exempts fair market value transactions from compliance with its local business and employment programs, the Commercial Developer has agreed to abide by all otherwise applicable City employment and contracting policies. The Commercial Developer has requested that, if necessary to make the project financially feasible, the City consider providing acquisition financing structured to be compatible with the regulations of the NMTC Program, which is a major source of anticipated financing for the Commercial Project. Such financing could require separate City Council approval and findings under OMC Section 2.42.180.C.

#### *Lease versus Sale Findings for Parcel 1*

In December 2014, the City Council adopted [Resolution No. 85324 C.M.S.](#), establishing a preference for leasing rather than selling City land, unless findings are made that it is in the City's best interest to sell. In the case of the Commercial Project, staff recommends that Parcel 1 be sold to the Commercial Developer for its fair market value of \$994,996 and finds that this is in the best interest of the City for the following reasons:

- First, the major benefit of a fee simple sale is that it is less complex than a ground lease, which makes it easier to obtain financing. Especially, in the case of the Commercial Project, the developer will have to secure a variety of public and private funding sources. If the Commercial Developer owns the parcel, it will be easier to attract financing for the Commercial Project, as lenders and investors typically consider fee simple properties to be less risky investments. This may result in better financing conditions and help ensure the success of the Commercial Project.

- Next, the Property is encumbered with two deed restrictions in favor of McDonalds and Taco Bell that are related to food operations on the Property. As explained below, the City is attempting to negotiate an amendment to these restrictions that will only exempt the specific Commercial Project on Parcel 1. Additionally, the amendment is conditioned on recording a signage agreement, which will require the Commercial Developer to comply with long-term signage obligations. A sale to the Commercial Developer will remove the City as a party to these deed restrictions and protect the City from any liability associated with these signage obligations.
- Lastly, selling Parcel 2 to the Commercial Developer will support the growth and empowerment of BCZ, a local Black-owned, non-profit organization. BCZ was formed to develop Black cultural, community and commercial hubs that are collectively owned to anchor the Black community in Oakland for generations. Black-owned businesses have historically faced significant barriers and inequities in accessing capital, credit and, most significantly, property ownership. A sale of Parcel 1 to the Commercial Developer will put property in the ownership of a black-led organization, contributing to long-term, Black-led community development in East Oakland.

### **C. *McDonalds and Taco Bell Deed Restrictions***

The Property is encumbered with two deed restrictions related to food operations on the Property in favor of McDonalds and Taco Bell. The draft term sheet for the Commercial Project DDA includes a provision obligating the City to record amendments to these deed restrictions as a condition of the sale (or ground lease) of Parcel 1. The DDA term sheet stipulates that the City remove these restrictions by July of 2024.

Since passage of Resolution No. 89507 C.M.S. in December of 2022, authorizing the City Administrator to negotiate the removal, amendment, or waiver of these deed restrictions, the City Attorney's Office has negotiated amendments to the deed restrictions. These modifications would essentially remove the food restrictions for small, local restaurants not operated by a franchise or nationally or locally branded food service facility with more than three units operating in fixed locations under the same or similar trade name, that are operated only within the nine-county San Francisco Bay Area.

As a condition for the amendments, McDonalds requested that the City record a signage agreement with McDonalds to advertise at the Commercial Project. BCZ has expressed its agreement with this outcome and the Commercial Developer will directly negotiate with McDonalds over the next 6 months.

Taco Bell is also considering granting an amendment to the Covenant Not to Compete to remove the food restriction prohibiting use of Parcel 1 for a food outlet selling more than 10 percent Mexican-style food and has not requested to date any concessions in return.

### **D. *Project Schedule***

The current schedules for the Residential and Commercial Project indicate a start of construction of the affordable housing no later than March 23, 2026, followed by the market hall and cultural center on April 13, 2026. Prior to the start of construction, each development team will have to satisfy all City pre-conveyance conditions, such as securing full financing for each project component, having an executed construction contract with a general contractor, and obtaining all building permits.



### ***E. Temporary License for Liberation Park/Akoma Market***

Since the onset of the Covid-19 pandemic, BCZ has been operating a temporary community gathering space known as Liberation Park on the Property pursuant to a License Agreement with the City. Liberation Park has become a successful and lively community hub, where East Oakland residents can shop at the Akoma Outdoor Community Market, roller skate or watch an outdoor movie, as well as access information about community programs. The License Agreement expires on October 19, 2024, and BCZ seeks to extend the term to ensure continuation of the outdoor market until the earlier of October 18, 2027, or the commencement of construction of the Residential Project on Parcel 2. The rent would continue at its current rate of \$500.00 per month.

The current and proposed on-going license fee is less than the fair market rental value. OMC Section 2.42.110 requires licenses of City property to be at or above fair market value unless the City makes findings that the below market rate license is in the best interest of the City. The continued operation of the Liberation Park market and community hub at below-market rent is in the best interest of the City because it creates a positive community gathering space, activates an otherwise vacant site, and allows the City to avoid security and maintenance expenses until the Property is ready for development.

### ***F. Standard City Conditions***

As required by OMC Section 2.42.190, the disposition agreements will contain conditions running with the land to develop the agreed-upon projects and to maintain the residential units as affordable for at least 55 years and will include provisions securing the satisfactory performance of development covenants. As required by OMC Section 2.42.180.D, all City employment and contracting programs pertaining to subsidized projects shall apply to the Residential Project, and to the Commercial Project on a voluntary basis.

Approval of these items would advance the Citywide priority of **housing, economic, and cultural security** by providing up to 118 units of affordable housing that could house an estimated 400 residents in East Oakland, create approximately 45 permanent jobs, and create new spaces for cultural expression and performance. Extending the license for the current temporary Liberation Park and Akoma Market will provide a cultural hub in East Oakland and provide services and amenities for East Oakland residents on an otherwise vacant parcel.

### **FISCAL IMPACT**

Sales proceeds for Parcel 1 will be accepted and deposited into City Entity (1), Central City East TA Bonds Series 2006A-T Fund (5643), CIP Central City East Organization (94899), Sale of Land Revenue Account (48111), 73rd and Foothill Development Land Sale Project (1003729), Central City East Program (SC18).

Ground Rent Loan payments for Parcel 2 will be accepted and deposited into City Entity (1), Central City East TA Bonds Series 2006A-T Fund (5643), CIP Central City East Organization (94899), Miscellaneous Land Rental Revenue Account (44219), 73rd and Foothill Development Land Sale Project (1003729), Central City East Program (SC18).

Fees paid by BCZ for the License Agreement will be accepted and deposited into City Entity (1), Central City East TA Bond Series 2006A-T Fund (5643), CIP Central City East Organization (94899), Other Rental: Miscellaneous Revenue Account (44419), 73rd and Foothill Development Land Sale Project (1003729), Central City East Program (SC18).

### **PUBLIC OUTREACH / INTEREST**

During the ENA period, between May and December 2022, the Developer conducted outreach and held community meetings with neighborhood associations and councils, community-based organizations, residents, and stakeholders, such as the owner of Eastmont Mall, to solicit input regarding Liberation Park Mixed-Use Development. The City Council also received an update on the Project at its regular public meeting of October 17, 2023.

### **COORDINATION**

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

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The Project will generate construction and ongoing property management jobs in Oakland. For the Residential Project, the Residential Developer anticipates 2,730 person-weeks of work during construction, which translates to approximately 31 full time employee (FTE) equivalents over the life of the construction project. The Commercial Developer estimates that construction will generate 1,624 weeks of work, which translates to approximately 18 to 19 FTE equivalents over the life of the construction project. Since most construction workers are only on the job for their trade, the total number of workers active on each project will be greater but will still add up to the estimates for person-weeks of work. Once in operation, the Residential Project will have the equivalent of 6 employees on site. The Commercial Developer estimates that based on having 40 to 45 micro-businesses with an average of 2 FTEs and 3 to 6 FTEs of on-site staff, the Commercial Project will generate 83 to 96 full-time permanent jobs. In addition, the Commercial Developer estimates that the Commercial Project will generate \$250,000 in annual property taxes, and business taxes payable by BCZ only of approximately \$20,000. Additional business taxes will be generated by the individual vendors that will lease retail space in the market. The Residential Developer and the Commercial Developer will comply with the City's Local Business and Employment Programs.

**Environmental:** The Residential Developer and Commercial Developer will use their good faith efforts to design, develop and construct an environmentally sustainable project with minimum conformance with the Oakland's "Build It Green" commercial checklist. In addition, the Property will be accessible via public transportation, as it is located adjacent to an AC Transit bus stop. By developing in already built-up areas, infill projects reduce the pressure to build on agricultural and other undeveloped land. The Project is near public transit which enables residents to reduce dependency on automobiles and further reduce any adverse environmental impacts of development.

**Race & Equity:** The City's Housing and Community Development Department 2021-2023 Strategic Action Plan states that Oakland's lowest income households are experiencing the highest rent burden. Approximately 60 percent of Black renter households are rent burdened, and one-third are severely rent burdened — the highest rate of any racial/ethnic group in Oakland. The report also indicated that homelessness disproportionately affects Black residents, which represent 68% of Oakland's unhoused population, but only make up 23% of Oakland's overall population. The Residential Project will provide 118 units of affordable housing for extremely low to low-income residents and will help to address these housing-related racial inequities. The Residential is planning to set aside up to 30 units for homeless individuals and families.

In addition, selling and not leasing Parcel 1 to the Commercial Developer will support the growth and empowerment of BCZ, a local Black-owned organization. Black-owned businesses have historically faced significant inequities accessing capital, credit and property ownership. The sale of Parcel 1 to the Commercial Developer will place ownership of the property in the hands of a black-led organization. The development teams are both Black-led, a demographic often underrepresented in real estate development.

### **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**

The Project was processed subject to the streamlined, ministerial approval process for affordable housing developments under Government Code Section 65913.4, commonly referred to as an SB 35 project, and was therefore not subject to CEQA review. The negotiation and approval of leases for the development of the Project are also not subject to CEQA review pursuant to Government Code section 65913.4(k)(1) and Section 15268 (Ministerial Projects) of the State CEQA Guidelines.

The extension of the License term for the continued operation of the market on the Property is exempt from CEQA under CEQA Guidelines Section 15301 (Existing Facilities); Section 15303 (Small Structures); Section 15183 (Projects consistent with a Community Plan, General Plan or Zoning); Section 15183.3 (Streamlining for Infill Projects); Section 15601(b)(3) (Common Sense Exemption); and Section 15332 (In-Fill Development Projects).

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

Staff Recommends That The City Council Adopt The Following Ordinances:

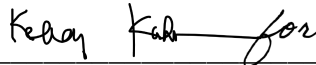
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For questions regarding this report, please contact Jens Hillmer, Development Area Manager, at 510-238-3317.

Respectfully submitted,



Sofia Navarro, Interim Director  
Economic & Workforce Development

Reviewed by:  
Kelley Kahn, Assistant Director  
Economic & Workforce Development

Prepared by:  
Jens Hillmer, Development Area Manager  
Public/Private Development  
Economic & Workforce Development

Attachments (4):  
Attachment A: Site Map  
Attachment B: LDDA Term Sheet  
Attachment C: Ground Lease Term Sheet  
Attachment D DDA Term Sheet