

REDEVELOPMENT AGENCY

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OFFICE OF THE CLERK
OAKLAND

AND THE CITY OF OAKLAND

AGENDA REPORT

2011 JUN 16 AM 10:44
TO: Office of the City/Agency Administrator
ATTN: P. Lamont Ewell, Interim City/Agency Administrator
FROM: Community and Economic Development Agency
DATE: June 28, 2011

RE: A Report And Possible Action On The Midterm Review Of The 2008–2013 Five-Year Implementation Plan For The Central City East Redevelopment Project; And

A City Resolution Authorizing A One-Year Extension Of The Project Area Committee For The Central City East Redevelopment Project To July 29, 2012

SUMMARY

This item is a report to the City Council/Redevelopment Agency regarding the Central City East (CCE) 2008-2013 Five-Year Implementation Plan and its related actions, as well as a City resolution requesting the authorization of a one-year extension of the Project Area Committee (PAC) for the CCE Redevelopment Area to July 29, 2012.

The 2008-2013 Five Year Implementation Plan for CCE was adopted in July, 2008. Redevelopment Law requires that the Implementation Plan be subject to a midterm review before July 2011. The CCE PAC will expire on July 29, 2011 unless extended by the City Council.

FISCAL IMPACT

There is no direct fiscal impact to providing a midterm review of the 5 Year Implementation Plan. There is a minimal impact due to the extension of the PAC for operational purposes. Operating expenses for the Central City East PAC will continue to be covered by Central City East Operations Fund (9540), Central City East Development Organizational (88699), Central City East Repayment Agreement Project (S233310). The expenses include meeting room expenses, meeting material, mailings and other administrative costs. Budgeted dollars for these costs are \$5,000 annually. The actual expenditures for the Central City East PAC meetings and administration have been approximately \$3,500 annually.

BACKGROUND

In January 1994, Assembly Bill 1290 (Isenberg) came into effect, dramatically changing redevelopment law in California. Among such changes was a requirement for redevelopment project areas created after January 1, 1995 to produce implementation plans at their creation and every five years thereafter over the life of the redevelopment plan.

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Redevelopment law also provided for the periodic public review of the five-year implementation plan, as a means to evaluate the progress of the redevelopment project. A public hearing on the implementation plan must be held no earlier than two years and no later than three years after the plan's adoption. The 2008-2013 Five-Year Implementation Plan for CCE was adopted on July 15, 2008. The midterm review for the 2008-13 Five-Year Implementation Plan must therefore be held between July 15, 2010 and July 15, 2011. The midterm review must include a public hearing.

On March 12, 2002, the City Council approved Resolution No. 77006 C.M.S., which called for the formation of a Project Area Committee (PAC) and adopted procedures for the formation of a PAC. On June 11, 2002 the City Council approved Resolution No. 77190 C.M.S., which certified the membership of the PAC. According to Redevelopment Law, a Project Area Committee maintains its advisory role throughout the period of preparation of the Redevelopment Plan and for a three-year period after the adoption of the Redevelopment Plan, subject to one-year extensions by the legislative body.

On July 29, 2003, the Central City East Redevelopment Plan was adopted and the Central City East Project Area was created. The PAC has been renewed in previous years, and the current date of expiration for the PAC is July 29, 2011. The PAC has been meeting monthly for the last eight years and has actively worked on the development of projects and programs for the CCE Project Area. On May 2, 2011 the CCE PAC expressed their support of staff's recommendation to extend the PAC until July 29, 2012.

KEY ISSUES AND IMPACTS

CCE Implementation Plan Review

The projected amount of Tax Increment in the Five-Year Implementation Plan varied greatly from the amount that has been received to date from FY 2008-09 to FY 2010-11, as well as the amount projected for FY 2011-12 and FY 2012-13. The change in the tax increment received is noteworthy, as demonstrated in the two tables below.

The first table represents the projected gross increment, various costs and set asides, and net increment, that was predicted for the 5 fiscal years of the FY 2008-2013 Implementation Plan. This table can be found on page 17 of the 5-Year Implementation Plan.

FY 2008-2013 Five Year Implementation Plan's Projected Tax Increment

Plan Year	Fiscal Year	Gross Tax Increment	Housing Set Aside	Bond Debt	Administrative Costs	AB 1290 (Tax Sharing)	Net Tax Increment
1	2008-09	\$28,184,153	\$7,046,039	\$5,582,568	\$3,100,000	\$5,636,831	\$6,818,715
2	2009-10	\$32,975,459	\$8,243,865	\$5,128,228	\$3,224,000	\$6,595,092	\$9,784,274
3	2010-11	\$39,707,146	\$9,926,786	\$5,122,572	\$3,353,000	\$7,941,429	\$13,363,359
4	2011-12	\$47,068,802	\$11,767,200	\$5,123,758	\$3,487,000	\$9,413,760	\$17,277,084
5	2012-13	\$54,721,614	\$13,680,404	\$5,121,523	\$3,627,000	\$10,944,323	\$21,348,364
Total		\$202,657,174	\$50,664,294	\$26,078,649	\$16,791,000	\$40,531,435	\$68,591,796

The second table represents the actual increment and set asides/costs for FY 2008-09, FY 2009-2010 and FY 2010-2011; as well as updated projections for FY 2011-12 and FY 12-13. This table was used by staff for analysis during the midterm review.

Actual Tax Increment FY 08-09 - FY 10-11 & Adjusted Projections for 2011-12 & 2012-13

Plan Year	Fiscal Year	Gross Tax Increment	Housing Set Aside	Bond Debt	Administrative Costs	AB 1290 (Tax Sharing)	Net Tax Increment
1	2008-09	\$21,372,923	\$5,343,231	\$5,128,228	\$2,048,399	\$4,274,585	\$4,578,480
2	2009-10	\$24,464,908	\$6,116,227	\$5,122,572	\$4,561,080	\$4,892,982	\$3,772,047
3	2010-11	\$9,444,490	\$2,206,260	\$5,123,760	\$2,288,210	\$1,888,900	-\$2,062,640
4	2011-12	\$10,369,000	\$2,592,250	\$5,121,524	\$2,359,222	\$2,073,800	-\$1,777,796
5	2012-13	\$10,576,380	\$2,644,095	\$5,120,737	\$2,464,752	\$2,115,276	-\$1,768,480
Total		\$76,227,701	\$18,902,063	\$25,616,821	\$13,721,663	\$15,245,543	\$2,741,611

Gross Tax Increment:

The changes observed between the two tables are significantly large. The 5-Year Total Gross Tax Increment was projected to be approximately \$202,657,000 in the Implementation Plan's table. The midterm review's table has an updated projection of approximately \$76,228,000. The updated numbers are approximately 38% of the original projected amount, or approximately \$126,429,000 less than originally projected.

Net Tax Increment:

The changes observed between the two tables are again significantly large. The 5-Year Total Net Tax Increment was projected to be approximately \$68,591,000 in the Implementation Plan's table. The midterm review's table has an updated projection of approximately \$2,742,000. The updated numbers are approximately 4% of the original projected amount, or approximately \$65,849,000 less than originally projected.

It is also worthy of note that for the upcoming FY of the plan (FY 2011-12 and FY 2012-13) there is a projected *negative* Net Tax Increment amount. The estimated expenses (set-asides, bond debt and administrative costs) are projected to be greater than the projected Gross Tax Increment the Redevelopment Area will be receiving. This was also true of the current Fiscal Year, FY 2010-11.

Administrative Costs:

The changes observed between the two tables for Administrative Costs are not as significant. The 5-Year Total Administrative Costs were projected to be approximately \$16,791,000 in the Implementation Plan's table. The midterm review's table has an updated projection of approximately \$13,722,000. The updated numbers are approximately 82% of the original projected amount, or approximately \$3,069,000 less than originally projected.

It is clear that while the income of the area decreased significantly, the administrative costs (which include Redevelopment Personnel Costs, City Personnel Costs, Operations and Management, etc) only decreased slightly. This helps to explain the negative Net Tax Increment numbers for FY 2010-13.

Set Asides and Bond Debt:

The Housing Set Aside and AB1290 Set Aside numbers are based on a percentage of the Gross Tax Increment, and therefore have remained constant between the two tables.

The Bond Debt payments were fixed, and therefore there was a change in the impact that amount had on the overall Net Increment, but not a change in the dollar amount the Redevelopment Area had to pay. (The discrepancy in numbers between the two tables is due to posting slightly incorrect amounts in the original table that was submitted on the 5-Year Implementation Plan document).

Therefore, the Bond Debt payments were projected to be approximately 13% of the 5 Year Gross Tax Increment in the Implementation Plan's table, but resulted in being approximately 33% of the Gross Tax Increment in the midterm review table's updated projections. This also helps to explain the decrease in the total Net Tax Increment numbers, as well as the negative Tax Increment numbers for FY 2010-11, FY 11-12 and FY 12-13.

Factors Affecting Change in Amounts:

The estimates that were provided for the 5-Year Implementation Plan in 2008 occurred during a different financial climate. The city, the state and the country were experiencing more prosperous financial times and the projections reflected those times. However, those times ceased and the financial decline had a significant impact on California and Oakland. The negative impact on the housing market in Oakland had a major affect on the CCE Redevelopment Area. The CCE Redevelopment Area is mostly residential, and the decline in housing prices and the increase in home foreclosures paralleled the dramatic decrease in Gross Tax Increment for the Area.

In addition, the budget crises on both the state and city level also impacted the CCE Redevelopment Area. On the state level, the need for more funds led to the state issuing a Supplemental Educational Revenue Augmentation Fund (SERAF) requirement to all Redevelopment Agencies. CCE contributed approximately \$9,400,000 of the Agency's total payment of \$49,571,866 for the SERAF requirements for FY 2009-10 and 2010-11. On the City level, CCE would continue to contribute towards the overall Agency's allocation to City personnel, as well as purchase various City owned properties. These actions often impacted the Net Tax Increment numbers. They also decreased the amount of funds available for the Redevelopment Area to direct towards the funding categories for various programs and projects that were identified in the 5-Year Implementation Plan.

Conclusion:

Despite the change in actual and projected increment for the CCE Area, staff is not suggesting any changes to the document. Current circumstances and realities suggest that attempts to project or predict for the CCE Redevelopment Area's increment or operational abilities would be difficult. The state of Redevelopment in California is currently under review amongst the state legislature. There is a possibility that Redevelopment will be eliminated; if not, then there is a strong probability that Redevelopment will undergo some type of significant reform. The State of California and the City of Oakland are currently undergoing budget crises that will also impact the potential amount of Increment and the likely dispersal of Redevelopment funding. Without any clear knowledge or understanding of what these factors will do to the Oakland Redevelopment Agency or the CCE

Redevelopment Area, staff recommends that no changes be made to the CCE 2008-2013 5-Year Implementation Plan at this time. Any changes to the existing Implementation Plan at this time could lead to various financial, operational or legal issues in the future.

CCE PAC Extension

Extending the PAC for an additional year will allow continued community participation in the decision-making processes regarding how Central City East programs and projects are implemented in the Central City East Redevelopment Project Area. The PAC has shown its ongoing commitment to working with the Redevelopment Agency over the course of the past eight years. It is increasingly important to have the PAC's input on how Central City East programs and projects are implemented as additional funds are allocated to the area to revitalize the Central City East Project Area. Failure to extend the CCE PAC will result in a significant decrease in the ability of the community to provide input in the CCE Redevelopment Area.

In the upcoming months, CCE staff will also be seeking to adjust the PAC meeting schedule. Staff will recommend changing the meetings to a bi-monthly period. Currently, the PAC meets monthly, with the exception of the month of August, which the PAC uses as a recess.

A reduction in the number of PAC meetings will function as a budget saving measure, by reducing certain administrative costs. In addition, this will also allow project staff to spend more time focused upon placing the programs on the street and getting projects off the ground. A change in the meeting frequency will require a change in the CCE PAC Bylaws; which will require a recommendation by the CCE PAC and City Council approval.

SUSTAINABLE OPPORTUNITIES

Economic: The midterm report of the 5-Year Implementation Plan and the extension of the PAC will have no direct economic impact, with the extension of the PAC potentially having a strong indirect influence.

Environmental: The midterm report of the 5-Year Implementation Plan and the extension of the PAC will have no direct environmental impact to the area.

Social Equity: The midterm report of the 5-Year Implementation Plan and the extension of the PAC will allow for various forms of input that will allow continued representation of community interests.

DISABILITY AND SENIOR CITIZEN ACCESS

Any projects and programs implemented in the project area will be required to comply with applicable City, state and federal disabled access requirements. Any new construction that occurs on the properties in the project area will also be required to comply with applicable City, state, and federal disabled access requirements. CEDA Building Services will address such standards during plan check and building inspection.

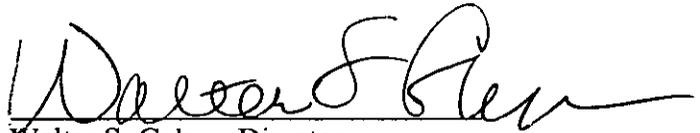
RECOMMENDATION AND RATIONALE

Staff recommends that the Central City East Project Area Committee be extended to July 29, 2012.

ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

It is recommended that the City Council approve the attached resolution extending the Central City East Project Area Committee to July 29, 2012.

Respectfully submitted,



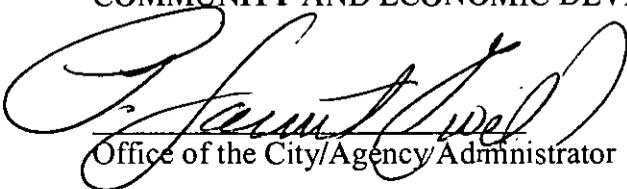
Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed By:
Gregory D. Hunter, Deputy Director
Community and Economic Development Agency

Reviewed By:
Larry Gallegos,
East Oakland Redevelopment Area Manager

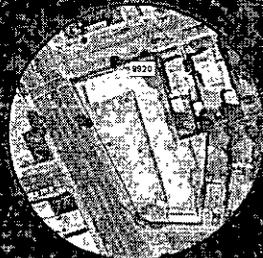
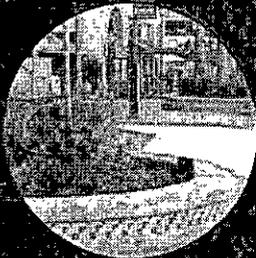
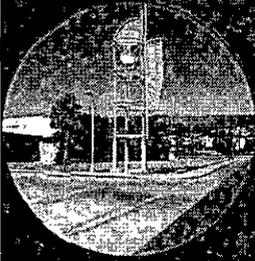
Prepared by:
Kimani Rogers, Urban Economic Analyst
Central City East Redevelopment Division

**APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:**



Office of the City/Agency Administrator

Item: _____
CED Committee
June 28, 2011



Central City East 5 Year Implementation Plan

2008-2013

"DYNAMIC, EDGY AND DIVERSE"

QUOTE FROM CCE VISION RETREAT

City of Oakland
Redevelopment Division
Community & Economic Development Agency

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Attachments

Central City East Sub-Area: Vision and Preferred Allocation Priority Requests

FIVE YEAR

Implementation Plan

2008-2013

Central City East

A. Introduction

The Central City East Redevelopment Project was adopted by the City Council on July 29, 2003. An initial five-year implementation plan covering July 29, 2003, through July 29, 2008, was adopted at that time in compliance with Article 16.5 of the California Community Redevelopment Law ("CRL"), which was subsequently amended. This is the second five year Implementation Plan for the period of July 29, 2008 through July 29, 2013.

This Implementation Plan is composed of two separate components: a Redevelopment Component and a Housing Component. The Redevelopment Component revisits the proposed goals and objectives of the Redevelopment Plan; defines the Agency's strategy to achieve these goals and objectives; presents the projects, programs and expenditures (other than those relating to low and moderate income housing) that have been developed as a means to achieve the goals and objectives; and describes how the goals and objectives, projects, programs and expenditures will eliminate blight within the Project Area. Article 16.5 also requires that an Implementation Plan explain how the components of the Implementation Plan will implement various CRL requirements regarding low- and moderate-income housing. Generally, the goals, activities, and expenditures included in the Redevelopment Component do not implement the housing requirements of the CRL. The activities that do implement these requirements are contained in the Housing Component. The Housing Component shows how the Agency will meet the statutory requirements for the set-aside and expenditure of tax increment for housing purposes.

This Implementation Plan is a policy statement rather than an unalterable course of action. It has been prepared to set priorities for redevelopment activities within the Project Area for the five-year period covered by this Plan and through to the Project Area's termination. The Implementation Plan incorporates currently known financial constraints of the Agency in developing a program of activities to accomplish revitalization efforts for the Central City East Project Area. However, new issues and opportunities may be encountered during the course of administering the Redevelopment Plan for the Project Area. Therefore, this Implementation Plan may be amended, if necessary, to effectuate its purposes.

The purpose of this Implementation Plan is to provide a clear and reasonable statement of the Agency's near-term intent regarding activities in the Project Area and to establish a nexus between Agency goals and objectives, program activities and the purpose of redevelopment, which is to eliminate blight and to develop and preserve affordable housing.

B. Redevelopment Component

Reasons for Adoption of the Project Area

a. Request for Assistance

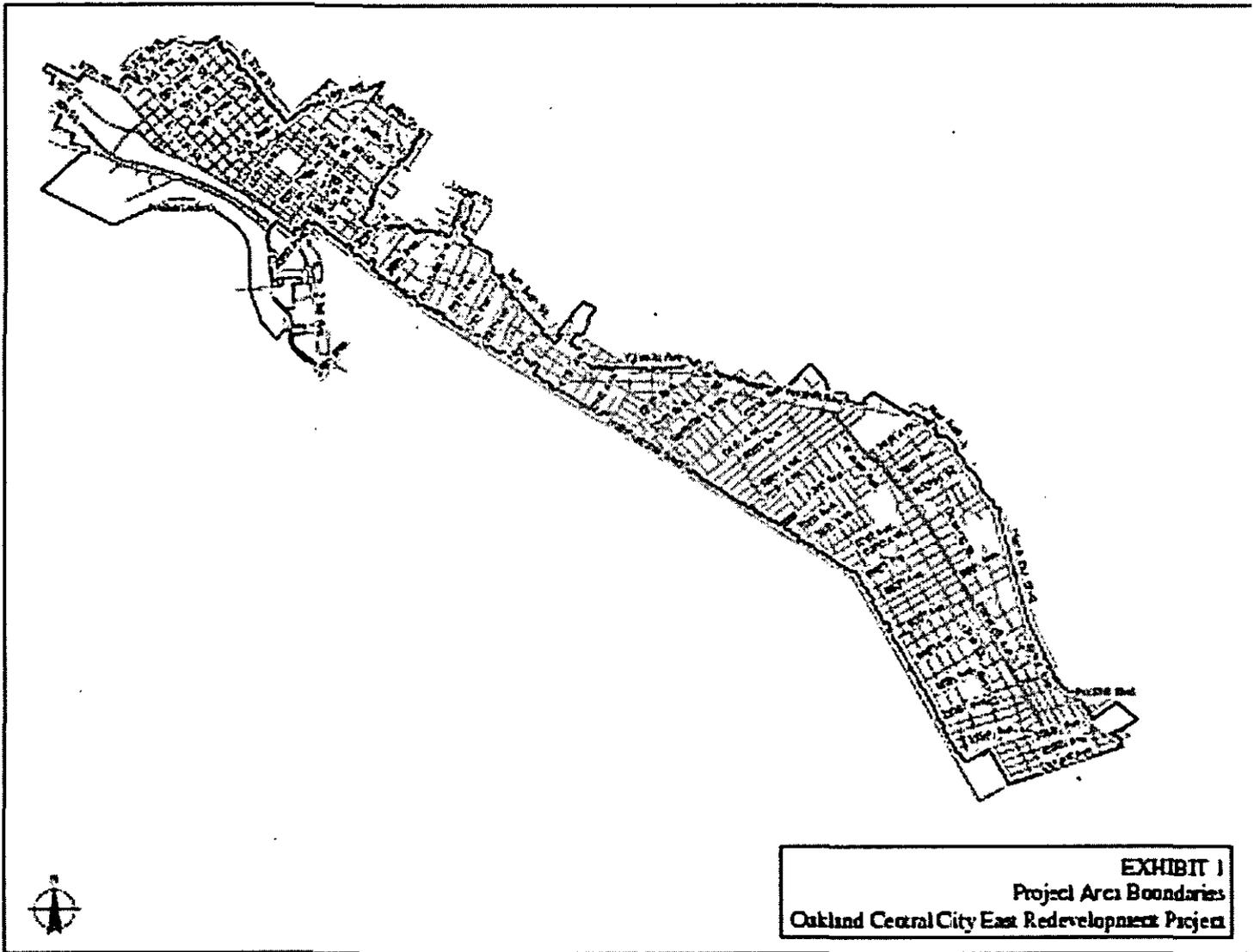
In early 2001, neighborhood groups in the MacArthur Boulevard area from 73rd to 106th Avenues requested that the City Council include the area in a redevelopment project. Residents were frustrated with deteriorating conditions along the commercial corridors in the central and eastern portions of the City and the impact on the adjacent residential areas. Residents cited deteriorated and vacant buildings, prostitution and drug trafficking as specific problems impacting the area. The merchants joined the request, which included Foothill and Bancroft Boulevards from High Street to 73rd Avenue. Later Fruitvale and Eastlake neighborhoods asked to be included.

b. Project Area Setting

The Central City East Redevelopment Project (Project or Project Area) encompasses approximately 3,339 acres beginning at the southern border of the downtown and extending east to Durant Street. The linear Project Area borders the existing Coliseum Redevelopment Project on the south along International Boulevard and to the north along MacArthur Boulevard between Durant Street and 73rd Avenues. At 73rd Avenue, the northern boundary of the Project Area follows Foothill Boulevard in a southwesterly direction to 23rd Avenue where the boundary jogs up to 27th Street then follows 14th Avenue to 20th Street and continues along 20th Street to the western boundary along 1st Avenue. The boundary includes the deletion of one parcel owned by Silveira et. el. along the 5th Avenue area, that was included in the original Project Area (Exhibit 1).

Excluding streets and public rights-of-way, the Project Area encompasses 16,675 parcels that comprise approximately 2,410 acres. The Project Area is primarily developed with single-family residences, with retail uses located in the northwest portion of the Project Area adjacent to the downtown, and along International, MacArthur and Foothill Boulevards. In addition, there is small peninsula of industrial uses along Embarcadero just south of the Nimitz (880) Freeway.

Exhibit 1: Project Area Boundaries



c. Project Area Demographics

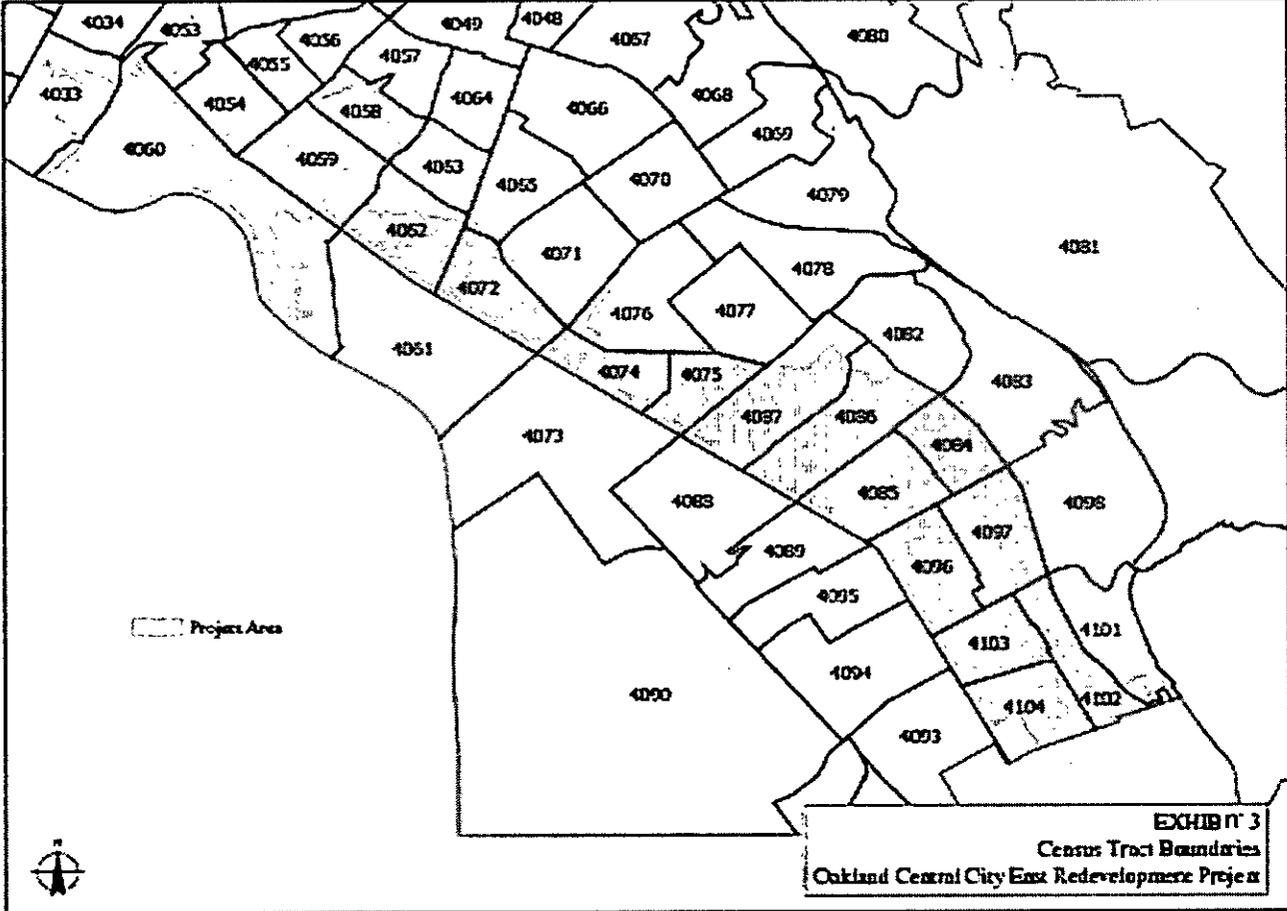
In general, the Project Area has larger but poorer households than the City and Alameda County. These factors have a direct bearing on the ability of residents to address many of the blighting conditions that exist in the Project Area. The 2000 population of the Project Area is estimated to be 92,094. The number of households is estimated to be 27,259, resulting in 3.38 persons per household on average.¹ When compared to the 2.47 persons per household for the balance of City and 2.79 persons per household for Alameda County, it is evident that households in the Project Area are large on average.

Income, education, and housing characteristics were compiled for 2001 by census tract (including territory outside of the Project Area). The Project Area generally conforms to the Census tract boundaries and is believed to be reflective of condition in the Project Area (see Exhibit 2). Median household income is 15 percent below the median for the City, and 41 percent below the median for Alameda County. Per capita Income in the Project Area is 35 percent below the Citywide median and 50 percent below the median for Alameda County. The relatively low per capita income in the Project Area is due to the fact that households in the Project Area are larger (3.07 persons per household vs. 2.65 for the City). Residential Overcrowding, the high cost of housing in the Bay Area and the relatively low incomes of households in the Project Area has made it difficult for households to pay for housing and maintain their properties. In addition, the lack of affordable housing has contributed to the overcrowded housing conditions in the Project Area. The Project Area also has a lower level of home ownership, with only 38 percent of the housing occupied by owners versus 43 percent in the balance of the City and 55 percent Countywide. The tendency of some absentee owners to not maintain their properties is a problem in the Project Area. Code enforcement officials indicate that some of the worst absentee landlords in the City own property in the Project Area. In addition, there are a large number of vacant and abandoned buildings in the Project Area.

The relatively low education levels and high unemployment rate also affects blighting conditions in the Project Area in that many of it's young people have become involved in gangs and crime as a means of earning money and as a source of self-esteem. Overall crime rates and violent crime rates are among the highest in the City.

¹ Source: Hausrath Economic Group for 2000 statistics.

Exhibit 2: Census Tract Boundaries



Another important differentiating factor is the higher level of dependency on public transportation that exists in the Project Area. As shown in Error! Reference source not found., the percentage of persons without access to at least one automobile is higher in the Project Area than in the City and County. Convenient shopping and adequate local services are critical for the vitality of the neighborhoods in the Project Area.

As discussed in the following section, the Agency, with input from the Central City East Project Area Committee (PAC), has identified a number of goals and objectives to address these blighting conditions.

Goals and Objectives

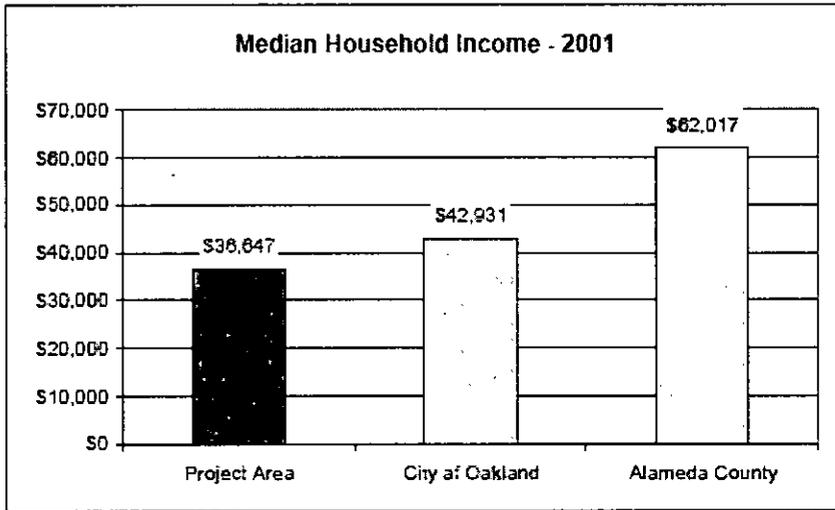
Goals and objectives as described in the Central City East Redevelopment Plan include:

- a. Stimulate in-fill development and land assembly opportunities on obsolete, underutilized and vacant properties in the Project Area.
- b. Stimulate opportunities for adaptive re-use and preservation of existing building stock in the Project Area.
- c. Attract new businesses and retain existing businesses in the Project Area, providing job training and employment opportunities for Project Area residents.
- d. Improve transportation, open space, parking, and other public facilities and infrastructure throughout the Project Area.
- e. Stimulate home ownership opportunities in the Project Area.
- f. Improve the quality of the residential environment by assisting in new construction, rehabilitation and conservation of living units in the Project Area, including units affordable to low- and moderate-income households.
- g. Revitalize neighborhood commercial areas and strengthen retail in the Project Area.

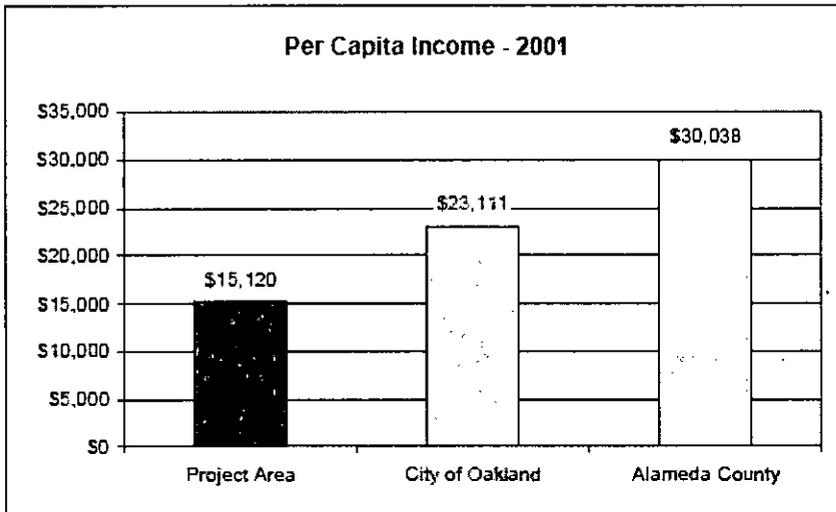
The PAC may develop Equitable Development Criteria that may be considered as part of the potential development plans for the Project Area.

**EXHIBIT 3
PROJECT AREA DEMOGRAPHICS
OAKLAND - CENTRAL CITY EAST REDEVELOPMENT PROJECT**

Income Characteristics:



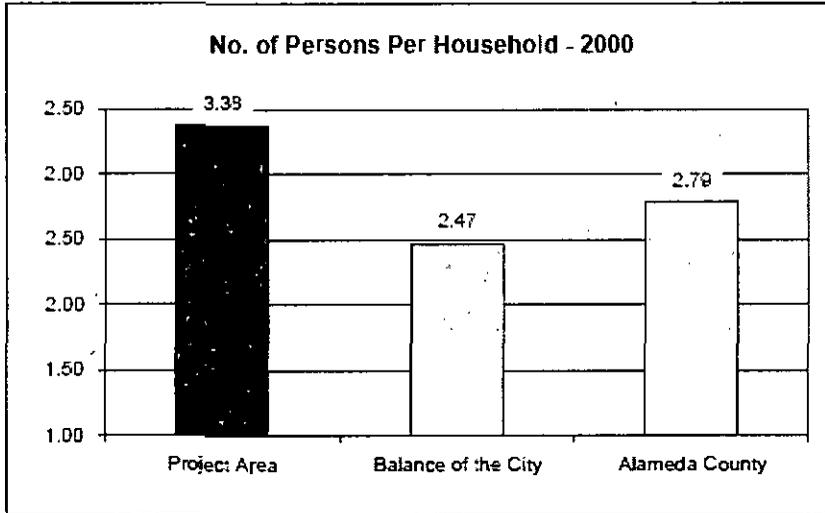
Source: Claritas



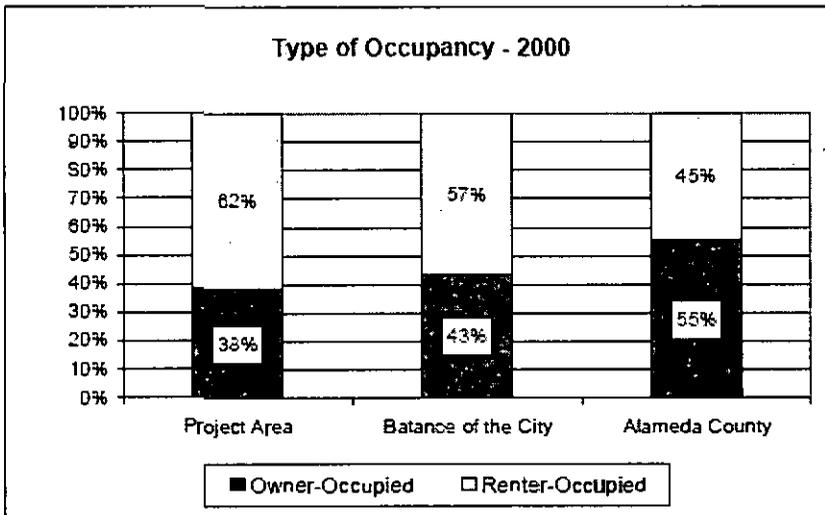
Source: Claritas

**EXHIBIT 3
PROJECT AREA DEMOGRAPHICS
OAKLAND - CENTRAL CITY EAST REDEVELOPMENT PROJECT**

Housing Characteristics:



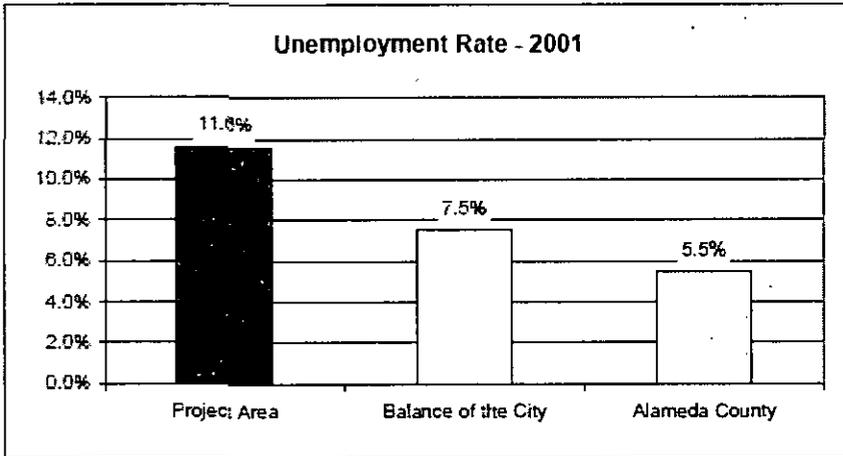
Source: Hausraih Economics Group



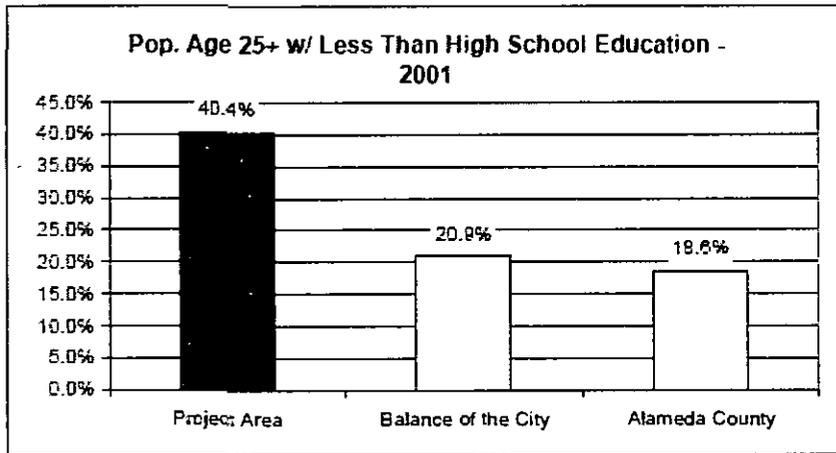
Source: Claritas

**EXHIBIT 3
PROJECT AREA DEMOGRAPHICS
OAKLAND - CENTRAL CITY EAST REDEVELOPMENT PROJECT**

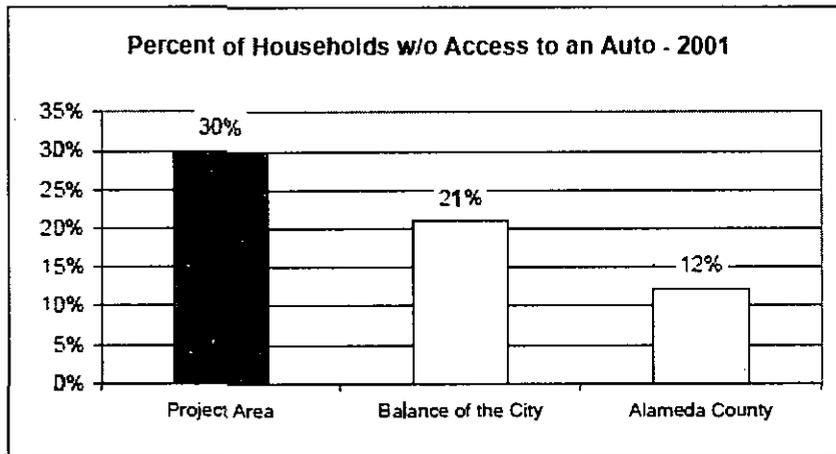
Employment, Education & Transportation:



Source: Claritas



Source: Claritas



Source: Claritas

Source: Claritas
Prepared by Keyser Marston Associates, Inc.
Filename: PA Demographic Charts, Charts; 8/7/02; dnb

The Agency proposes to focus its activities in the near-term on eliminating physical and economic blight conditions through the construction of public improvements and utilities, and assisting the private sector in developing vacant and/or underutilized properties. It is the Agency's hope and intent that the Redevelopment Implementation Plan as proposed will encourage further private sector investment in both commercial and residential designated areas.

During the first five-year term of the Project, the Agency has been assisting in projects and programs that have begun to address all of the goals and objectives identified in the Redevelopment Plan. The Agency anticipates the same during this second five-year term as well.

Specific Programs and Program Actions During the Second Five Years of the Redevelopment Plan and Relationship to Blight Elimination

The Agency anticipates funding the following projects and program during the second five years of the Redevelopment Plan. These projects and programs include most of the projects and programs from the first five-year Implementation Plan. All changes -including additions, subtractions and name changes- were identified in the Report to Council. The degree to which the Agency will actually participate in the projects and programs will depend in part on developer interest and the Agency's ability to attract development that will eliminate blight and meet the goals and objectives of the Redevelopment Plan. The relationship between the goals and objectives, project and program and blight elimination is provided in Exhibit 4.

a. Retail and Commercial Recruitment Loan Program

The Retail Tenant and Commercial Recruitment Program enables the Agency to offer financial assistance in the form of low interest or zero-interest participatory loans and grants within the Redevelopment Project Area. One aspect of this program can be used to assist property owners with rehabilitation of retail and commercial properties to create and improve ground floor retail and commercial spaces and attract new tenants to underutilized and vacant buildings.

Another aspect of this program may include loans to tenants for interior improvements. Some existing community businesses may need capital to expand, replace equipment, or modernize.

By providing these loans and grants, the Agency will make rehabilitation feasible for many properties and businesses for which improvement would not be considered possible because of the unlikelihood of an adequate return on the investment. This program will also have the effect of attracting businesses, thereby providing a wider range of retail and commercial uses.

b. Façade and Tenant Improvement Program

The Façade Improvement Program provides matching grants to existing businesses for the purposes of storefront improvements and façade treatments. The matching grant can be structured in different ways, e.g., the Agency may provide \$1 of grant for each \$2 of improvement

value, or some other ratio. The business would be required to fund the remaining amount. This program provides assistance to businesses to encourage restoring, modernizing and improving the facades of commercial structures to enhance the attractiveness and visual appearance of the area. Typical improvements would include paint, signage, lighting, awnings, window and door replacement, limited parapet additions, finishes and decorative features designed to highlight building characteristics. Edge treatment grants could also be made available for improvements (such as landscaping and fencing) to the frontage of properties. The Tenant Improvement Program provides a similar service for the interior improvements of commercial buildings that have been vacant for at least six months.

By eliminating physical deterioration and improving the substandard (obsolete) appearance of the retail and commercial buildings and surrounding sites, more patrons will be attracted to the area, which will improve declining retail sales. The increased business activity should slow the rate of business closures and attract new businesses to the Project Area. Also, by improving the buildings, property values should increase.

c. Historic Preservation Program

Portions of the Project Area that include significant historic buildings can be made into viable retail, commercial, or residential properties through various Agency-sponsored efforts and Agency assistance.

This program can both preserve important resources and eliminate the hazardous conditions in which people live and work by addressing issues such as seismic safety. Furthermore, rehabilitation of historic buildings provides reuse of valuable properties that may be underutilized or vacant, and preserves the character of an area.

d. Project Planning

The purpose of this program is to provide funding for outside consultants to develop plans, both physical and strategic, for the project area. This program will allow for in depth research resulting in plans that address the large and diverse project area but will also allow the development of plans which are specific to subarea that will fit into the large goals and objectives of the CCE redevelopment plan.

e. Land Assembly and Relocation Program

The purpose of this program is to assist private, public, and non-profit developers in assembling small, underutilized and/or poorly configured parcels of property into sites suitable for new development. The Agency's efforts in assembling land for private use would be applied in selective cases and only upon selection of a qualified developer. The Agency should avoid land assembly in cases where there is no current agreement with a development entity for

development of the site. The Agency may assist in the selective assembly of land through voluntary purchase, negotiated purchase, or eminent domain.

Land assembly would likely take place in response to property owner, developer or Agency initiated efforts to assemble property needed for the expansion of existing uses or for the creation of sites capable of development for new uses. Through an Owner Participation Agreement (CPA) or Disposition and Development Agreement (DDA), the Redevelopment Agency may provide land write downs or may grant or loan money to assist new retail, commercial, or housing development or expansion of existing facilities. By expanding existing buildings the Agency will help to reduce the number of inadequate sized buildings, which will in turn accommodate a wider variety of contemporary retail and commercial uses. By assembling small parcels, the Agency will reduce the number of inadequate sized parcels in multiple ownership and provide adequate space to develop contemporary facilities or expand existing buildings to accommodate a wider variety of uses.

The Agency may also choose to participate in the acquisition of property for infrastructure or public facilities purposes that would primarily benefit the Project Area. The program may also include site preparation activities such as demolition and clearance, and assistance for environmental remediation.

The Agency will provide relocation assistance as required by California State Housing and Community Development Regulations and Agency Guidelines. This will ensure that uniform, fair, and equitable treatment is afforded to displaced businesses and residents as a result of the Agency's land assembly and relocation program. Specific details will be provided in the actual Relocation Plan adopted by the City Council.

The use of eminent domain will be restricted as provided for in the adopted redevelopment plan.

f. Infrastructure Improvements & Community Facilities Program

Infrastructure improvements cover a variety of public works projects ranging from installation of utilities, traffic capacity projects, mass-transit improvements, parking facilities, new streets, undergrounding overhead distribution and communication lines, storm drainage and sanitary sewers, bridges and under- or over-crossings, flood control improvements, pedestrian and bicycle friendly areas, traffic calming, freeway noise walls, and many other assorted capital projects. This may also include streetscape projects including constructing new curbs, gutters and sidewalks where they do not exist or where broken curbs, gutters and sidewalks require replacement; installing street trees and shrubs; constructing both decorative and handicapped accessible crosswalks; constructing new medians with landscaping; adding visual and safety improvements to existing medians; installing street furniture, such as trash receptacles and newspaper racks; and improving area lighting by increasing the number of luminaries, increasing the wattage of individual streetlights or adding pedestrian streetlights.

Improving the infrastructure will help to attract development to the area by eliminating costs that might otherwise be born by the private sector. This should help to increase building activity and

improve property values. Furthermore, public improvements such as parking structures/lots will improve the viability of commercial property, helping to compensate for individual property site deficiencies, and lighting improvements will create a safer environment in which to shop and reduce graffiti.

Community-based projects focus on the need for new or improved community facilities such as parks, community centers, libraries, open space and cultural facilities. Such facilities can be provided in conjunction with public schools to enrich the educational experience. Projects are anticipated for development using Redevelopment Agency and/or other funds from the City, State and Federal governments. These projects are intended to encourage further investment in the neighborhoods and make them more desirable places to visit and live.

By increasing investment in neighborhoods there will be an added benefit of assisting in the rehabilitation of deteriorated buildings and alleviate the existence of substandard structures. Also, by providing additional recreation facilities, certain crimes related to gang activity should be reduced.

g. Public/Private Development Program

Public/private coordination occurs when the Redevelopment Agency participates in significant private development projects. Through an Owner Participation Agreement or Disposition and Development Agreement, the Redevelopment Agency may grant or loan money to assist new commercial development or expansion of existing commercial facilities. This program may fund construction, landscaping, façade upgrades, parking improvements and City's Public Work's development requirements (e.g. fire hydrants or traffic mitigation projects, etc.)

By expanding existing buildings, the Agency will help to reduce the number of inadequate sized buildings, which will in turn accommodate a wider variety of contemporary commercial and industrial uses. By assembling small parcels, the Agency will reduce the number of inadequate sized parcels in multiple ownership and provide adequate space to develop contemporary facilities or expand existing buildings to accommodate a wider variety of uses.

h. Commercial Security/Crime Prevention Program

Due to the high crime rates in the Redevelopment Area, new programs can be developed to address the need for safer streets and neighborhoods. These programs may include, but are not limited to, lighting improvements, cameras on commercial corridors, security alarms.

By implementing such commercial security and crime prevention programs, the Agency will reduce crime as well as retain and recruit more businesses to the area. In addition the Agency will create safer and more livable neighborhoods for its constituents.

i. Contingency Fund

Due to various factors that can impact a project or programs financial requirements, a Contingency Fund category was created. All Contingency Funds must be used to support existing projects or programs. The Contingency Funds cannot be used to fund a new project or program.

The Contingency category will supply funds for projects or programs which are suffering from under funding due to an increase in expenses, expansion of scope or other demonstrated occurrences that will delay the project or program.

EXAMPLE PROGRAMS AND BLIGHT ELIMINATION CHART

Blighting Conditions	Typical Indicator of Blighting Condition	Proposed Redevelopment Programs								
		Affordable Housing Program	Retail & Commercial Recruitment Program	Facade & Tenant Improvement Program	Historic Preservation Program	Project Planning	Land Assembly & Relocation Program	Commercial Security/Crime Prevention Program	Public/Private Development Program	Infrastructure Improvement Community Facilities Program
Physical Blight										
Buildings in which it is unsafe or unhealthy for persons to live or work.	Building Code Violations	X	X	X	X	X			X	X
	Unreinforced Masonry Buildings	X	X	X	X	X			X	X
	Unsafe and Unhealthy Site Conditions	X	X				X		X	X
Conditions that prevent or substantially hinder the viable use or capacity of buildings or lots.	Substandard Design and/or Construction	X	X	X	X	X	X		X	X
	Obsolete Design	X	X	X	X	X	X		X	X
Adjacent or nearby incompatible land uses that prevent the development of those parcels or other portions of the project area.	Residential Uses Adjacent to Industrial or Heavy Commercial Uses	X					X		X	
The existence of subdivided lots that are in multiple ownership and whose physical development has been impeded by their irregular shapes and inadequate sizes, over-present general plan zoning standards and present market conditions.	Lots of Inadequate Size and Shape in Multiple Ownership	X	X			X	X		X	X
Economic Blight										
Depreciation or stagnant property values	Correlated or stagnant assess property values	X	X	X	X	X	X	X	X	X
	Low Property Base Prices	X	X	X	X	X	X	X	X	X
Abnormally high business vacancies, abnormally low lease rates, or an abnormally high number of abandoned buildings	Abandoned Buildings and Excessive Vacant Lots	X	X	X	X	X	X	X	X	X
A serious lack of necessary commercial facilities that are normally found in neighborhoods, including grocery stores, drug stores, and banks and other lending institutions	Lack of supermarkets, drug stores, or banks/financial institutions		X	X		X	X		X	
Serious residential overcrowding that has resulted in significant public health or safety problems.	Residential Overcrowding	X			X		X		X	
An excess of bars, liquor stores, or adult-oriented businesses that has resulted in significant public health, safety or welfare problems.	Excess of bars and liquor outlets		X			X	X		X	
	Excess in adult bookstores, theaters and other adult uses		X			X	X		X	
A high crime rate that constitutes a serious threat to the public safety and welfare.	High Crime Rates	X		X		X		X		X

NOTE: The impact of any specific project or program on blighting conditions is dependent upon the actual design and intent of the project or program. These programs are examples only.

Exhibit 3: Relationship between Goals & Objectives, Projects & Programs, and Blight Elimination

Prepared by: Keyser Marston Associates, Inc. Revised by Redevelopment staff

Expenditures During the Second Five Years of the Redevelopment Plan

The Redevelopment Plan is prepared with the intent of providing the Agency with the necessary legal authority and flexibility to implement the revitalization of the Project. The Plan authorizes the Agency to finance the Project with financial assistance from any or all of the following sources: (1) City of Oakland; (2) State of California; (3) federal government; (4) tax increment funds in accordance with provisions of the existing CRL; (5) Agency bonds; (6) interest income; (7) loans from private financial institutions; (8) lease or sale of Agency-owned property; (9) donations; and (10) any other legally available public or private sources. For purposes of this Implementation Plan, the identified redevelopment programs are assumed to be funded solely from future tax increment revenues anticipated from the Project Area.

Current provisions of the CRL provide authority to the Agency to create indebtedness, issue bonds, borrow funds or obtain advances in Implementing and carrying out the specific intents of a redevelopment plan. The Agency is authorized to fund the principal and interest on the indebtedness, bond issues, borrowed funds or advances from tax increment revenue and any other funds available to the Agency. To the extent that it is able to do so, the City may also supply additional assistance through City loans or grants for various public facilities or other project costs.

Tax Increment revenues are the projected funding source assumed to be available to fund the proposed redevelopment programs, administrative costs and loan repayments discussed herein. Summarized below are the tax increment dollars that are expected to be generated within the first five years of the Redevelopment Plan.

Exhibit 5: Anticipated Tax Increment

Anticipated Tax Increment

Plan Year	Fiscal Year	Gross Tax Increment	Housing Set Aside	Bond Debt	Administrative Costs	AB 1290 (Tax Sharing)	Net Tax Increment
1	2008-09	\$28,184,153	\$7,046,039	\$5,582,568	\$3,100,000	\$5,636,831	\$6,818,715
2	2009-10	\$32,975,459	\$8,243,865	\$5,128,228	\$3,224,000	\$6,595,092	\$9,784,274
3	2010-11	\$39,707,146	\$9,926,786	\$5,122,572	\$3,353,000	\$7,941,429	\$13,363,359
4	2011-12	\$47,068,802	\$11,767,200	\$5,123,758	\$3,487,000	\$9,413,760	\$17,277,084
5	2012-13	\$54,721,614	\$13,680,404	\$5,121,523	\$3,627,000	\$10,944,323	\$21,348,364
Total		\$202,657,174	\$50,664,294	\$26,078,849	\$16,791,000	\$40,531,435	\$68,591,796

The Agency worked with the PAC to prioritize the allocation of funds during the second five-years of the Redevelopment Plan. The PAC provided vision and funding priority documents that advised Agency staff as to their preferences for the allocation of funds. The vision and funding priority documents are attached at the end of the Plan. The following are the new percentage allocations of funds for each of the categories listed. The recommendation includes a combination of the Community Facilities category with the Infrastructure category to increase the amount of funds for the second five-years. Below are illustrated the allocation of funds per fiscal year along with specific allocations of funds for the Infrastructure category:

Exhibit 6: Projection of Capital Expenditure & Funding Categories

**Projection of Capital Expenditure & Funding Categories
Central City East Project Area
Fiscal Years 2008-13**

Category No.	Funding Categories	% Allocation of Net Tax Increment	Est. Tax Increment for Five Years 2008-13
1	Retail and Commercial Recruitment Loan Program	4.20%	\$ 2,880,000.00
2	Façade & Tenant Improvement Program	2.19%	\$ 1,500,000.00
3	Historic Preservation Program	0.36%	\$ 250,000.00
4	Project Planning	0.66%	\$ 450,000.00
5	Land Assembly and Relocation Program	0.73%	\$ 500,000.00
6	Infrastructure Improvements & Community Facilities Program	65.92%	\$ 45,220,000.00
7	Public/Private Development Program	7.23%	\$ 4,960,000.00
8	Commercial Security/ Crime Prevention Program	12.04%	\$ 8,260,000.00
9	Contingency Fund*	6.68%	\$ 4,580,000.00
	Totals:	100.00%	\$ 68,600,000.00

*Contingency Fund must be used for existing projects and/or programs only. Contingency Fund monies cannot be used to fund any new or proposed projects and/or programs.

Exhibit 7: Committed Capital Expenditures for Fiscal Year 2008-13

Committed Capital Expenditures
Central City East Project Area
Fiscal Years 2008 to 2013

Streetscape Improvements/Infrastructure Program	Total Funding Allocation FY 2008 to 2013
<u>Streetscape Areas</u>	
14th Avenue and 23rd Avenue Projects Augmentation	6,000,000
MacArthur Boulevard Project Augmentation (Elmhurst Additions and Flagship Project)	7,500,000
MacArthur Boulevard Project Expansion (Central East Oakland Additions: MacArthur from 76 th Avenue to Parker; and MacArthur from Ritchie St to Aivingroom Ct)	3,000,000
Foothill Boulevard Project Expansion (Foothill from 27th to High Street)	7,680,000
Total	24,180,000

The following information pertains to the streetscape component:

1. Streetscape projects are key to the redevelopment of the Central City Redevelopment Project Area and any proposed amendment to the CCE implementation plan must be presented to and considered by the PAC for its recommendation prior to being considered by Council.
2. In particular, the Elmhurst neighborhood area has deferred its redevelopment efforts so all the Central City East neighborhoods could join in the redevelopment effort, and as such should be given priority for funding the MacArthur Boulevard Streetscape Project.
3. An account shall be immediately established for funds for the MacArthur Boulevard Streetscape Project and this fund shall receive any unused and uncommitted streetscape funds from the FY 2004-05 fiscal year. Once the budget amount has reached the funds allocated to the MacArthur Streetscape Project, additional funds will be used to replenish funding from areas that previously forfeited funds.
4. If any streetscape project is known to be delayed 1 year or more, the CCE PAC and the Agency may re-evaluate the streetscape allocations.
5. At the statutorily required implementation plan review period, the CCE PAC and the Agency will review the funding allocations.

As described earlier, the exact distribution will depend on private sector interest and the specific type of assistance requested. Also, as opportunities are presented the Agency may solicit development proposals that will further the goals and objectives of the Redevelopment Plan.

C. Housing Component – Central City East

I. Implementation Plan Requirements

This Housing Component of the Implementation Plan is required by Article 16.5 of the California Redevelopment Law ("CRL") as contained in Sections 33000 *et seq.* of the California Health and Safety Code. (All citations in this portion of the Implementation Plan are to the Health and Safety Code unless otherwise specified.)

The Housing Component presents those components of the Agency's intended program for the Project Area that deal with the expenditure of funds and activities relating to the production of housing at affordable housing cost to persons and families of low and moderate ("low-mod") income. Low-mod income is defined in the CRL by reference to Section 50093 of the Health and Safety Code, which specifies the following income levels:

- Moderate income, which is defined as household income of 80 percent to 120 percent of median income for the applicable household size (Section 50093);
- Low income, which is defined as income of 50 percent to 80 percent of median income for the applicable household size (Section 50079.5); and
- Very-low income, which is defined as income less than 50 percent of median income for the applicable household size (Section 50105).

Affordable housing cost is defined in Section 50052.5 as shown in the following table. Housing cost for rental housing includes rent plus an allowance for tenant-paid utilities. Housing cost for owner-occupied housing includes principal, interest, insurance, taxes, utilities, homeowner association dues, and maintenance.

Exhibit 8: Definition of Affordable Housing Cost

Income Level	Rental Housing	Owner-Occupied Housing
Very Low Income	30% of 50% of AMI	30% of 50% of AMI
Low Income	30% of 60% of AMI	30% of 70% of AMI
Moderate Income	30% of 110% of AMI	35% of 110% of AMI, but no less than 28% of actual income

AMI = "Area Median Income," which is the Median Family Income, adjusted for family size, for the metropolitan area (Alameda and Contra Costa Counties combined), as determined by the U.S. Department of Housing and Urban Development

The CRL provides that, in addition to the removal of blight, a fundamental purpose of redevelopment is to expand the supply of low-mod housing (Section 33071). To accomplish this purpose, the CRL contains numerous provisions to guide redevelopment agency activities with regard to low-mod housing. These provisions divide a redevelopment agency's housing responsibilities into three major categories:

- The production and/or replacement of low-mod housing depending upon activities undertaken by an agency within its project areas;
- The set-aside and expenditure of specified amounts of tax increment revenue for the express and exclusive purpose of increasing and improving a community's supply of low-mod housing; and
- Preparing reports on how the Agency has met, or preparing plans on how the Agency will meet its responsibilities with regard to the first two items.

This Housing Component is part of the Agency's responsibilities under the third major category. Its contents address how the Agency's plans for the Project Area will achieve many of the housing responsibilities contained in the first and second major categories of Agency housing activities. Article 16.5 requires that the housing portion of an Implementation Plan address the applicable items presented in the list below.

1. Production of Housing Based on Activities in the Project Area:

- At least 30 percent (30%) of all new and substantially rehabilitated dwelling units developed by a redevelopment agency shall be available at affordable housing cost to persons and families of low and moderate income and shall be occupied by these persons and families (Section 33413(b)(1));
- At least 15 percent (15%) of all new residential dwelling units developed within a project area under the jurisdiction of an agency by public or private entities or persons other than the Agency shall be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by these persons or families (Section 33413(b)(2));
- At least 15 percent (15%) of all substantially rehabilitated units that have received agency assistance shall be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by these persons or families (Section 33413(b)(2)(iii));
- Suitable locations must be identified for replacement housing units rehabilitated, developed or constructed pursuant to Section 33413(a), if the destruction or removal of low-mod units will result from a project contained in the Implementation Plan (Section 33490(a)(3)).

2. Set-Aside and Expenditure of Tax Increment for Housing Purposes:

- The set-aside of 20 percent of tax increment in projects adopted on or after January 1, 1977 (Section 33334.2)
- The proportional expenditure of housing funds on moderate, low, and very-low income housing (Section 33334.4)

- The set-aside of 20 percent of tax increment in projects adopted prior to January 1, 1977 (Section 33334.6)
- The transfer of housing funds to other public entities producing housing in the community (a possible outcome of the provisions of Sections 33334.12 et seq.).

3. Additional Requirements:

- Estimates of the balances and deposits into the Housing Fund created to hold the Set-Aside of tax increment;
- A housing program identifying expenditures from the Housing Fund;
- An indication of housing activity that has occurred in the Project Area; and
- Estimates of housing units that will be produced in the Project Area for each of the various income categories.

II. Applicable Low and Moderate Income Housing Requirements

1. Applicable Housing Production Requirements

The date of adoption, the existence of low-mod housing units, and the potential for residential development are the primary determinants of the practical applicability of the various housing provisions of the CRL. Only the low-mod housing provisions applicable to the project area are discussed below:

a. Replacement Housing Obligation

The Agency is required to meet replacement-housing obligations pursuant to CRL Section 33413(a). This Section requires the Agency to replace, on a one-for-one basis, all units removed from the low and moderate income housing stock caused by Agency activities in the Project Area. Article 16.5 requires that if an implementation plan contains projects that could result in the removal of low-mod housing units, the plan must identify locations suitable for the replacement of such housing.

The Agency does not anticipate undertaking or assisting any actions that would result in the demolition or removal from the market of low and moderate income housing. Therefore there is no replacement housing obligation at present.

b. Housing Production Obligation

The Agency is required to comply with the housing unit production requirement of the CRL Section 33413(b). Subparagraph (1) of the Section requires that 30 percent (30%) of all housing units developed by the Agency be affordable to low-mod persons.

The Agency does not plan to develop housing in the next five years; rather the Agency will assist in private sector affordable housing development. Thus, the Agency is not anticipated to incur any obligations under this provision of the CRL.

The Agency will assist the private sector in developing affordable housing and it is possible that there will be some residential infill within the Project Area that is not Agency assisted. As a result, the Agency will need to create low-mod housing in order to comply with the provisions of subparagraph (2) of Section 33413(b). Subparagraph (2) requires that 15 percent (15%) of all housing developed in the Project Area (inclusive of restricted units) be low-mod housing. Of these low-mod units, at least 40 percent (40%) must be affordable to persons and families of very-low income.

To determine the number of units that must be developed in order to comply with this requirement, and to identify how much of this requirement will be satisfied by the activities included in this Implementation Plan, a brief review of past and anticipated housing development activity in the Project Area is presented below.

c. Housing Construction Activity in the Project Area Prior to July 2008

As shown in the following table, from the inception of the Redevelopment Plan for this Area through June 2008, a total of 335 units had been newly constructed, substantially rehabilitated, or were under development:

Exhibit 9: Housing Production in Central City East, July 2003 – June 2008

Project Name	Units	Type	Year Completed	Affordability Level			
				Very Low	Low	Mod	Above Mod
2524-2528 108th Avenue	3	Family	2004				3
2951-2957 68th Avenue	4	Family	2004				4
8850-8870 MacArthur Boulevard	3	Family	2003				3
9884 MacArthur Boulevard	6	Family	2005				6
Casa Velasco (3430 Foothill Blvd.) ^a	20	Senior	2003	20			
District Homes Condos (1515 14th Ave)	18	Homeownership	2004				18
East 12th @ 4th Avenue	5	Family	2005				5
Eastmont Court (6850 Foothill Blvd.)	19	Disabled	2005	18			1
Foothill Family Apartments (6900 Foothill Blvd.) ^b	65	Family	2003	45	19		1
Nathan A. Miley Senior Housing Community	69	Senior	2007	50	19		
Oak Park Apartments (2618 E. 16th St.) ^c	35	Family	2004	34			1
Palm Villa (90th-94th St/MacArthur Blvd.) ^d	78	Homeownership	2005			78	
Scattered Site Infill Development - Various Addresses	79	Various	various				79
Total	335			117	19	78	121
Percentage	100%			35%	6%	23%	36%

a. Casa Velasco, a "substantial rehabilitation" development (as per State Redevelopment law) with new 55 year affordability restrictions, was completed Dec. 2003.

b. According to OCHM and OHA, Foothill Family Apartments was completed in 2001, but the affordability restrictions began in 2003. As a result, these units may not count towards the affordable housing production requirements.

c. Oak Park Apartments, a "substantial rehabilitation" development (as per State Redevelopment law) with new 55 year affordability restrictions, was completed in Sept. 2004.

d. Palm Villa in its entirety consists of 78 moderate income homeownership units. Only 33 of these units were sold after the CCE Redevelopment Plan Adoption date of July 2003 and thus included in the housing production figures.

d. Estimate of Future Housing Construction Activity in the Project Area

The Agency estimates that between 2008 and 2013, an additional 1,211 units of housing may be newly constructed or substantially rehabilitated, as shown below.

Exhibit 10: Projected Housing Development in Central City East, July 2008 - June 2012

Project Name	Units	Type	Completion Date (est.)	Affordability Level			
				Very Low	Low	Mod	Above Mod
442 International Blvd	42	TBD	TBD				42
720 East 11 th Street	55	Family	2010	30	24		1
Byron Avenue Homes (10211 Byron Avenue)	10	Homeownership	2011	4	4	2	
Covington Manor (9451 MacArthur Boulevard)	19	Family	TBD				19
Foothill Plaza Apartments (6311 Foothill Blvd.) ^a	54	Family	2009	53			1
Oak Knoll Redevelopment Project	960	Homeownership	TBD		72		888
Orchards on Foothill (2719 Foothill Blvd.)	65	Senior	2008	64			1
Toler Heights	6	Homeownership	TBD				6
Total	1,211			151	100	2	958
Percentage	100%			12%	8%	<1%	79%

a. Foothill Plaza Apartments, a rehabilitation project, is in pre-development. Qualification as "Substantial Rehab" will depend on the amount expended on rehabilitation.

e. Estimated Number of Units Required for Housing Production Obligation

If all 1,211 of the projected units are built, this would bring total production for the ten-year period to 1,546 units. This would generate a housing production obligation of at least 232 units affordable to very-low, low or moderate income households. Of these, at least 93 units would be required to be affordable to and restricted for occupancy by very-low income households.

f. How the Housing Production Obligation Will be Met

Taking into account both completed and planned affordable units, it is projected that 467 units affordable to very-low, low or moderate income households will be developed, of which 268 will be affordable to very-low income households. This will more than satisfy the Agency's affordable housing production obligation.

All of these units will be located within the Project Area and therefore can be counted on a one-for-one basis toward the production obligation.²

² If the production requirement is met with units located outside of the Project Area, two units must be produced to fulfill one unit of housing production obligation.

2. Applicable Provisions Regarding Low and Moderate Income Housing Set-Aside

a. Set-Aside of Tax Increment

The Agency must comply with the Section 33334.2 requirement to allocate 20 percent of the gross tax increment (Set-Aside) to affordable housing activities. The Set-Aside is required to be deposited into a Housing Fund created to hold the monies until expended. Section 33334.2 enables the Agency to eliminate or reduce the annual housing deposit if the Agency makes findings regarding the lack of need for low-mod housing in the City of Oakland, or the sufficiency of less than 20 percent of the Project Area's tax increment to meet the need that does exist.

However, the Redevelopment Agency has adopted a resolution that 25 percent of all tax increment be allocated to the construction of affordable housing. Furthermore, based on the City's commitment to affordable housing production it is unlikely the Oakland would exercise the option to reduce the Set-Aside deposits in any year subject to this Implementation Plan. The projections of deposits into the Housing Fund that are included in the following section assume that the 25 percent Set-Aside will be deposited into the Housing Fund in each of the years covered by the Plan.

b. Proportional Expenditures of Housing Fund Monies

The Project Area is subject to the Section 33334.4 requirement that the Agency expend Housing Fund monies in accordance with an income proportionality test and an age restriction proportionality test. These proportionality tests must be met every ten years through the termination of the Project Area life. These tests do not have to be met on an annual basis.

c. Very-Low and Low Income Housing Expenditures

The income proportionality test requires the Agency to expend Set-Aside funds in proportion to the housing needs that have been determined for the community pursuant to Section 65584 of the Government Code. The proportionality test used in this Implementation Plan is based on the Final 2008 Regional Housing Needs Assessment (RHNA) prepared by the Association of Bay Area Governments. Based on the 2008 RHNA, the City's minimum required allocation for very-low and low-income expenditures, and maximum moderate income housing expenditures are:

Category	RHNA	Threshold
Very-Low Income	1,900	At least 27%
Low Income	2,098	At least 29%
Moderate Income	3,142	No more than 44%
Total	7,140	

Section 33334.4 requires that at least 27 percent of the Housing Fund monies dedicated to projects and programs be spent on housing for very-low income households. In addition, at least 29 percent of these funds must be spent on housing for low-income households, and no

more than 44 percent of the funds can be spent on moderate-income households. However, the Agency is entitled to expend a disproportionate amount of the funds for very-low income households, and to subtract a commensurate amount from the low and/or moderate-income thresholds. Similarly, the Agency can provide a disproportionate amount of funding for low income housing by reducing the amount of funds allocated to moderate-income households. In no event can the expenditures targeted to moderate-income households exceed the established threshold amount.

The Agency will allocate its funds in such a way that these percentages are met over the ten-year period from July 2003 through June 2013 (because different percentages applied to the 2003-2006 period, the City will actually use a weighted average of the percentages for each period). In addition, the City and other entities may provide assistance for the construction of units affordable to very low and low income households that may also be counted toward meeting the requirements of Section 33334.4.

d. Age Restricted Housing Expenditures

Section 33334.4 also requires that the Agency assist housing that is available to all persons, regardless of age, in at least the same proportion as the population under age 65 bears to the City's total population as reported in the most recent census of the United States Census Bureau. The 2000 Census indicates that 89.5 percent of the City's population is under 65 years of age. As such, at least 89.5 percent of the Agency expenditures on affordable housing projects must be spent to assist projects that do not impose age restrictions on the residents. The following summarizes the allocation of housing fund monies.

Age Category	Percentage of Funds
Senior	10.5% maximum
Unrestricted	89.5% minimum

The Agency will ensure that over the ten-year period from July 2003 through June 2013 not more than 10.5 percent of its expenditures on affordable housing projects are for projects serving seniors.

e. Transfer of Housing Funds to Other Providers

The Project Area is subject to the CRL provisions requiring the transfer of housing funds to other housing producers in the Oakland area in certain circumstances. Such transfers could possibly occur if the Housing Fund contained "excess surplus." Excess surplus means any unexpended and unencumbered amount in a Project Area's Housing Fund that exceeds the greater of one million dollars (\$1,000,000) or the aggregate amount deposited into the Housing Fund during the project's preceding four fiscal years.

The Agency does not anticipate having an excess surplus during the current Implementation Plan cycle or throughout the subsequent remaining Project Area life.

3. Housing Goals and Objectives of the Implementation Plan

The primary goal of the Agency is to comply with the affordable housing requirements imposed by the CRL in a responsible manner. The affordable housing activities identified in this proposed Implementation Plan will explicitly assist in accomplishing the intent of the CRL in regards to the provision of low-mod housing.

The CRL establishes that certain housing expenditures, and preservation and production requirements, be attained during five and ten year increments. The housing production requirement, if applicable, must be met every 10 years, while the proportionality tests must be achieved over the next 10 years, and then again through the end of the Project Area life. It is the Agency's goal and objective for this Implementation Plan to accomplish sufficient activity and expenditures over the Implementation Plan term, and through the term of the Project Area, to comply with the applicable requirements.

4. Estimated Housing Fund Revenues and Expenditures

The following table presents the projected future deposits into the Housing Fund. As shown below, approximately \$50.7 million in revenues are projected to be available over the five-year term of this Implementation Plan.

**Exhibit 11: Estimate Housing Set-Aside Revenue
FY 2008-09 through FY 2012-13**

Plan Year	Fiscal Year	Housing Set Aside
1	2008-09	\$7,046,039
2	2009-10	\$8,243,565
3	2010-11	\$9,926,786
4	2011-12	\$11,767,200
5	2012-13	\$13,680,404
Total		\$50,664,294

These funds are projected to be allocated approximately as follows:

Planning, administration and project management	\$10,100,000
Debt Service on 2006 housing bonds	\$3,100,000
Program activities	\$16,100,000
Debt Service for future housing bonds (primarily for affordable units at Oak to Ninth)	\$21,364,000

5. Anticipated Housing Program Activities

The Agency may assist in a variety of programs to provide, improve, and preserve affordable housing such as the following:

a. Production:

The Agency can make loans and grants from the Low and Moderate Income Housing Fund to non-profit and for-profit developers for the new construction or rehabilitation of affordable housing. Loans can be made on a deferred payment and/or below market interest rate basis.

The Agency can also participate in land acquisition, land cost write-down, developer recruitment, credit enhancement, and other participation to cause affordable housing to be developed. This is normally accomplished after identification of a housing site, development of a housing concept, and issuance of a Request for Proposals for development of housing. Such affordable housing could be rental or ownership housing. The Agency may also acquire land and directly build housing.

b. Rehabilitation

The Agency may offer low-interest or no-interest loans or grants to assist low- and moderate income homeowners in making repairs to existing residences. Such repairs could consist of correcting health and safety violations, re-landscaping, and re-painting. This preserves the affordability of the housing and extends its lifespan, as well as improving the neighborhood. Additionally, such programs can be extended to owners of rentals properties to make repairs to affordable rental housing. In either case, covenants must be recorded to keep these properties affordable for the time period required by CRL.

c. Affordability Assistance:

The Agency may provide direct subsidies to lower the cost of ownership housing or may establish first-time homebuyer programs to assist very-low to moderate income families with mortgage assistance for the purchase of a home. The former would involve the use of long-term restrictions on sales prices to ensure continuing affordability to low and moderate income households. The latter can take the form of a deferred loan with a low interest rate and equity sharing provisions. When the home is sold, the loan and equity share would be used to help another first-time homebuyer.

d. Preservation of Existing Affordable Housing

The Agency may offer loans, grants or other forms of investment to assist in the preservation of existing assisted housing that is otherwise threatened with conversion to market rate. Such assistance would be coupled with affordability restrictions of 55 years for rental housing and 45 years for owner-occupied housing.

e. Allocation to Specific Programs

Based on the recommendations of the Project Area Committee for the Central City East project area, the Agency intends to allocate \$20,000,000 to various housing programs in the following percentages:

Rehabilitation of Owner-Occupied Housing	35%
Rehabilitation of Rental Housing	20%
First Time Homebuyer Assistance	20%
New Construction/Substantial Rehabilitation of Rental Housing	10%
New Construction/Substantial Rehabilitation of Ownership Housing	15%

In addition, it is anticipated that approximately \$17,000,000 will be reserved to pay debt service to support bonds to be issued over the next several years to make funds available for the development of approximately 465 units of very low and low income housing in the Oak to Ninth project and other major developments to the extent necessary. In the event that not all these funds are needed for debt service, they will be allocated for the other programs listed above, in the same percentages as listed above.

6. Allocation of Housing Funds over Previous Implementation Period

Between 2003-04 and 2007-08, approximately \$15.2 million was deposited into the Low and Moderate Income Housing Fund for the Central City East project area. These funds were allocated as follows:

Planning, administration and project management	\$2,666,000
Debt service	\$1,238,000
Rehabilitation of Owner-Occupied Housing	\$3,964,000
Rehabilitation of Rental Housing	\$2,265,000
First Time Homebuyer Assistance	\$1,812,000
New Construction/Substantial Rehabilitation of Rental Housing	\$1,246,000
<u>New Construction/Substantial Rehabilitation of Ownership Housing</u>	<u>\$2,038,000</u>
TOTAL	\$15,229,000

In addition, the Agency issued affordable housing tax increment bonds for a total of \$7,328,614, all of which was used to assist in the new construction and substantial rehabilitation of affordable housing.

Central City East Implementation Plan Attachments

Sub-Area Vision and Preferred Allocation Priority Requests

Redevelopment Agency Staff worked with members of the Project Area Committee to allocate the projected increment for the 2008 – 2013 Central City East Implementation Plan with strong consideration for the community's wishes.

The following are the Vision and Funding Allocation Priorities supplied to Agency Staff by the PAC representatives of the 4 Central City East Sub-Areas.

1. Eastlake/San Antonio
2. Fruitvale/San Antonio
3. Central East Oakland
4. Elmhurst

Attachment 1 Sub Area Priority Lists

Eastlake/San Antonio

Sub Area Meeting Vision and Priorities:

The Vision:

The projects proposed for the Eastlake / San Antonio area have as a unifying principle the restoration of a charming residential neighborhood.

The overriding priority is crime reduction, without which redevelopment is impossible.

The next piece is streetscapes to define and set the tone for the residential portion of the area. The strategy is to attract residents with disposable income who will improve properties in the area. This will set the stage for more retail and services in the neighborhood. With the Oak to 9th project bringing 3,000 waterfront condos our area is primed for this change. We are seeking to leverage off of the changes that the Oak to 9th project will bring. There are several ways. One is integrate the neighborhood with the waterfront. This will change the perception of the neighborhood to a more desirable water oriented area. A second is to open the neighborhood to the new Oak to 9th residents. This will bring the new residents into our stores and restaurants. We need to provide money for rehabilitation of retail and commercial businesses to attract the new residents.

Our area has an excessive amount of low and affordable housing compared to other neighborhoods in Alameda County. We seek to improve the quality of life for those who live in these buildings by renovating and improving them. This will also make the neighborhood more attractive. We do not want to bring in anymore of this type of housing until other areas have comparable amounts of this type of housing.

A unique asset our neighborhood has is historic homes. For a small investment in historic preservation we can protect and foster the rehabilitation of these homes and restore a charming neighborhood. We also have the last remaining shipping warehouse of its era at 9th avenue and we would like to turn that into a community asset with waterfront restaurants and shops. We plan to bring the waterfront bike trails through our neighborhood to improve the quality of life and further tie the neighborhood to the waterfront.

On the practical side our community does not have a single library and we need that for quality of life for students. We also would like to improve our schools.

Lastly, we want to bring in an outside consultant who has national experience in spurring re-development to orchestrate the turnaround so that we do not squander our opportunity.

(Prioritization List on Following Page)

Attachment 1 Sub Area Priority Lists
Prioritization List for East Lake / San Antonio

Priority	Blocks	Cost Per Block	Amount	Percentage	Housing
Crime Reduction			7,000,000	25%	
14th-23rd & San Antonio Park	20	\$300,000	6,000,000	21%	
5th Ave	6	\$400,000	2,400,000	9%	
(Housing Rehab)					12,500,000
Historic Preservation			250,000	1%	
Schools			1,000,000	4%	
Youth Resources (Library)			2,500,000	9%	
Waterfront Connections			5,000,000	18%	
Terminal Re-Use			2,000,000	7%	
Bike Trails			400,000	1%	
Commercial/Retail Rehab			1,000,000	4%	
Project Planning			250,000	1%	
			=====		
Total Excluding Housing			\$27,800,000		

Updated Request as of 4/14/08 from Josh New:

Requested Dollars	Percentages	Amount	Percent
14th and 23rd Ave Streetscape		6000000	37.5
Waterfront Connections		5000000	31.25
Bike Trails		400000	2.5
Youth Employment/Scholarships		1000000	6.25
Libraries		2500000	15.625
Historic Preservation		250000	1.5625
Project Planning		250000	1.5625
Crime Prevention		600000	3.75
Totals:		16000000	100

Attachment 1 Sub Area Priority Lists

Fruitvale/San Antonio Sub Area
Proposed Priorities

Category: REDEVELOPMENT - \$75,000,000

\$16,000,000

Rank	Project Area	Goals	Objectives	%
1	Comprehensive plan & implementation strategy	Engage community with clearly stated project tasks, budgets and timelines	<ul style="list-style-type: none"> ▪ Update & revise Jan. 2007 plan (\$187.5K = 1.0%) ▪ Integrate retail enhancement strategy ▪ Revisit underground utilities 	1.0
2	Streetscape Design Construction	Implement proposed streetscape design	<ul style="list-style-type: none"> ▪ Improve the hard- and soft-scape of Foothill Boulevard ▪ Catalyze commercial & retail development ▪ Develop a unified street character 	48.0
3	Street Safety & Improvement	Decrease crime & increase opportunity for economic development	<ul style="list-style-type: none"> ▪ Street calming deterrents ▪ Install 24/7 monitored cameras + 911 operator ▪ Install pedestrian crossing lights ▪ Install creek tunnel barriers 	10.5
4	Façade Program	Building improvements to attract new customers & retail business	<ul style="list-style-type: none"> ▪ Actively recruit existing retail business owners ▪ Assist owners in developing plans, schedules and budgets ▪ Assist owners in completing the façade improvement project 	3.0
5	Open Space & Creek Restoration	Improve & develop existing parks & open space	<ul style="list-style-type: none"> ▪ Improve existing parks Josie de la Cruz & César Chávez ▪ Develop new opportunities for open space (school yards) ▪ Plan & implement creek restoration ▪ Install durable playing surface (artificial or natural surface) ▪ Install outdoor lighting ▪ Improve school yards to integrate with park for joint use ▪ Install dog run 	12.5
6	Miller Library (1449 Miller Avenue)	Adaptive reuse facilities plan for Community Activities	<ul style="list-style-type: none"> ▪ Rehab & bring up to code existing building for public use ▪ Provide fittings, furniture & equipment for community meeting, learning, cultural & performing activities ▪ Services for children, youth, adults and seniors 	25.0

Attachment 1 Sub Area Priority Lists

Elmhurst

Sub-Area Priority List

PROJECTS

1. Top Priority - Crime Plan

The Crime Plan would consist of working with the Police Dept. to select a test/target area within Elmhurst. Basically, the Plan would include higher intensity street lights, cameras in public areas, and security alarm systems for each business and residential unit (if police Dept. thinks this is cost effective).

Estimated Cost - \$ 6,980,000

Percentage of Total: 43.625%

(External funding sources to be explored; PAC would only be required to financially guarantee the cost).

2. Flagship Project

This would be a significant entrance project that would exhibit a certain quality and grace that would change the image of entering the City of Oakland. Hopefully, to the extent that when leaving San Leandro and entering Oakland one would feel there was a more healthy and elegant area ahead.

Estimated Cost - \$1,000,000

Percentage of Total: 6.25%

3. Streetscape Program

This program would consist of continuing the overall theme of improving MacArthur Blvd. from the San Leandro border north and west on MacArthur Blvd. It would include enhancement of the sidewalk area, traffic calming, and under-grounding overhead utilities.

Estimated Cost - \$6,500,000.

Percentage of Total: 40.625%

4. Facade Program

This program would continue the improvements along MacArthur Blvd. Generally starting at the San Leandro border and relating to the Streetscape Program.

Estimated Cost - \$1,500,000.

Percentage of Total: 9.375%

5. School Program

The PAC would give the high school \$10,000 for a scholarship and monitor its usage. In return the high school would select an individual to participate and vote on the PAC. The school would require that a class would have to attend and write a report on the PAC.

b) The second high school program (estimated cost also \$10,000) would consist of selecting a group of students for a type of community improvement project, such as graffiti removal, etc.

Estimated Cost - \$20,000.

Percentage of Total: 0.125%

6. Tracking System

Create a sophisticated project tracking system that would be updated on the web on a monthly basis. The system would track projects and show benchmark targets, such as funding approved, design, bid, contract award and percentage of completion.

Estimated Cost – None Given

Percentage of Total: N/A

7. Letterhead and Logo

Elmhurst agrees with Redevelopment Director Gregory Hunter that it is time for the PAC to develop its own letterhead and logo.

Estimated Cost – None Given

Percentage of Total: N/A

Update as of 4/9/08 from Elmhurst Sub Area

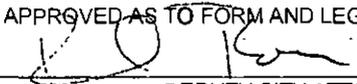
Gloria Jeffery gave CCE Staff the Elmhurst Sub Area's cuts after the 4/7/08 PAC meeting, where they were told they would only have \$16 million and not \$18.5 M (difference of 2.5) and they are as follows:

1. \$1M subtracted from Streetscape leaving \$6.5M
2. \$1M subtracted from Flagship leaving \$1M
3. \$500,000 subtracted from the Facade Program leaving \$1.5M

OFFICE OF THE CITY CLERK
OAKLAND

SEP 16 AM 10:14

APPROVED AS TO FORM AND LEGALITY:


DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

RESOLUTION NO. _____ C.M.S.

A RESOLUTION AUTHORIZING A ONE-YEAR EXTENSION OF THE PROJECT AREA COMMITTEE FOR THE CENTRAL CITY EAST REDEVELOPMENT PROJECT TO JULY 29, 2012

WHEREAS, On March 12, 2002, the City Council approved Resolution No. 77006 C.M.S., which called for the formation of a Project Area Committee (PAC) and adopted procedures for the formation of a PAC for the Central City East Redevelopment Project; and

WHEREAS, On June 11, 2002 the City Council approved Resolution No. 77190 C.M.S. which certified the Central City East PAC; and

WHEREAS, the Central City East Redevelopment Project was adopted by the City Council on July 29, 2003 (Ordinance No. 12528 C.M.S.); and

WHEREAS, pursuant to California Health and Safety Code Section 33386, the PAC is to serve for a three-year period after the adoption of the redevelopment plan; and

WHEREAS, the Council may authorize one-year extensions of the PAC pursuant to California Health and Safety Code Section 33386; and

WHEREAS, the time extension for the PAC for the Central City East Redevelopment Project will expire on July 29, 2011; now, therefore, be it

RESOLVED: That the City Council hereby authorizes a one-year extension of the Central City East PAC until July 29, 2012.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2011

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, SCHAAF,
 AND PRESIDENT REID

NOES-

ABSENT-

ABSTENTION-

Attest: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
Of the City of Oakland, California