



FILED
OFFICE OF THE CITY CLERK
OAKLAND

AGENDA REPORT

2015 OCT 29 PM 3:27

TO: Sabrina B. Landreth
City Administrator

FROM: Mark Sawicki
Director, EWD

SUBJECT: Fruitvale Transit Village Phase II

DATE: October 12, 2015

City Administrator Approval

Date:

10/28/15

RECOMMENDATION

Staff recommends that the City Council adopt the following legislation:

An Ordinance Amending Ordinance No. 13313 C.M.S. To Add The East Bay Asian Local Development Corporation ("EBALDC") As An Additional Party To The Lease Disposition And Development Agreement (Phase IIA), A Sixty-Six (66) Year Ground Lease And Related Documents (Collectively "LDDA") As Amended By and Among The City Of Oakland, a municipal corporation, The Spanish Speaking Unity Council Of Alameda County, Inc., L & M Development Partners, Inc. and EBALDC For The Development Of Mixed Income Housing Located On APN 033-2177-021 At 37th Avenue And East 12th Street; and

A Resolution Authorizing The City Administrator or Designee to Negotiate and Execute A Development Loan Agreement By and Between the City of Oakland and The Spanish Speaking Unity Council Of Alameda County, Inc. ("Unity Council") to Provide a Loan to Unity Council in the Aggregate Amount of \$7,050,000 For The Fruitvale Transit Village Phase IIA Project By: (A) Amending The Central City East Redevelopment Project Area Excess Bond Spending Plan By Re-Appropriating And Re-Allocating Previously Committed Excess Bond Proceeds in the Amount of \$2,550,000 From Central City East - Major Projects; (B) Amending the Coliseum Redevelopment Project Area Excess Bond Spending Plan By Re-Appropriating And Re-Allocating Previously Committed Excess Bond Proceeds in the Amount of \$500,000 From Coliseum City EIR and Specific Plan For A Total of \$3,050,000 Excess Bond Funds; And (C) Allocating \$4 Million Of Proposition 1C Funds From the State of California's Housing and Community Development Department As A Loan To The Fruitvale Transit Village Phase IIA Project.

EXECUTIVE SUMMARY

The Fruitvale Transit Village ("FTV") Phase II is the next component of the Transit Oriented Development adjacent to the Fruitvale BART station now underway by the Spanish Speaking Unity Council of Alameda County, Inc. ("Unity Council") in partnership with L & M Development Partners Inc. ("L&M") and the City of Oakland ("City"). The FTV Phase II project is comprised of

Item: _____
Committee
November 10, 2015

two components: Phase IIA consisting of 94 mixed-income rental housing units and Phase IIB consisting of 181 market rate rental housing units.

Staff recommends adoption of the proposed ordinance which will authorize the City Administrator to amend the LDDA to add East Bay Asian Local Development Corporation ("EBALDC") as a third party together with the Unity Council and L & M for the FTV Phase IIA project. EBALDC brings years of experience working with mixed-income housing in the City of Oakland. The LDDA will allow the Unity Council, L&M, and EBALDC (collectively, the "Developer") to build FTV Phase IIA.

Staff also recommends adoption of the proposed resolution which authorizes the City Administrator to negotiate and execute a \$7,050,000 loan to the Unity Council for the development and construction of the FTV Phase IIA component. The loan will be deferred for the term of the affordability agreement of 55 years and accrue interest at a 5.25% interest rate. The \$7,050,000 loan will serve: 1) as a local match for additional funding, 2) reduce the tax credit equity required for the project, and 3) will make the project more competitive for the next round of Low Income Housing Tax Credit applications.

The proposed loan will come from \$4 million of Prop 1C funds awarded to the City of Oakland in February 2014 for the FTV Phase IIA project for the mixed-income housing from the State's Housing Community Development (HCD) department. An additional \$2,550,000 million will come from Central City East bond funds and \$500,000 from Coliseum bond funds, for a total of \$3,050,000 bond funds.

City staff has negotiated with the Unity Council to provide the \$3,050,000 of bond funds as a loan to the FTV Phase IIA project in lieu of a \$5.4 million balloon payment obligation, due in year 2023 to the Unity Council, related to the FTV Phase I project. The City of Oakland currently leases 8,500 square feet of space for a Senior Center in the FTV Phase I, owned by the Unity Council. The Senior Center lease agreement currently has no lease payments, but instead has a balloon payment of approximately \$5.4 million due in the year 2023. The \$3,050,000 loan represents a discounted value of the \$5.4 million obligation in today's dollars. If approved by the City Council, the lease agreement for the Senior Center will be amended to reflect this upfront payment and agreement. The loan will also alleviate the General Purpose Fund of the \$5.4 million obligation due in 2023.

BACKGROUND / LEGISLATIVE HISTORY

PROJECT DESCRIPTION

The Fruitvale Transit Village (FTV) Phase II site is located immediately adjacent to the FTV Phase I project. The FTV Phase I was completed in 2003 with a gross building area of 257,000 sq. ft. of retail, office, and residential uses. The site for the FTV Phase II project consists of the remaining 3.4 acre Fruitvale Bay Area Rapid Transit (BART) parking lot property located on E. 12th Street between 35th and 37th Avenues (**Attachment A** map of area) and has been further divided into Phase IIA and IIB. The Unity Council has formed a partnership with L & M for the entire Phase II project and desires to extend the partnership with EBALDC for the FTV Phase IIA mixed-income housing component.

PREVIOUS APPROVALS

In July 2010, the Board of the former City of Oakland Redevelopment Agency (the "Agency") approved Resolution No. 2010-0100 C.M.S. (the "Agency Resolution") and authorized the Agency Administrator to purchase the parking lot from Fruitvale BART to develop the site for Fruitvale Transit Village (FTV) Phase II project. Phase II of the project was originally entitled by the Unity Council in 2010. The project was redesigned by a new architect, Pyatok Architects, and was newly approved by the Planning Commission on May 6, 2015.

In January 2012, all redevelopment agencies in the State of California were dissolved; the Oakland Redevelopment Successor Agency ("ORSA") became the Successor Agency to the Agency and pursuant to the long range property management plan approved by the California Department of Finance in May 2014, the property was transferred to the City.

On October 15, 2013, the City Council approved Resolution No. 84660 C.M.S. that authorized the City Administrator to apply for, accept, and appropriate funds in a total amount not to exceed \$8 million from the California Department of Housing and Community Development (HCD) under the Transit Oriented Development program for the FTV Phase II Housing Project. In February 2014, the City received the maximum \$4,000,000 grant and the Unity Council separately received the maximum \$4,000,000 loan amount for Phase II of the FTV project.

In May 2014, the Unity Council issued a Request for Qualifications to housing developers for Phase II of the project. L & M, a New York based for-profit development firm with experience and expertise in developing large mixed-use, affordable, and market rate housing developments, was selected and approved by the Unity Council Board of Directors. In September 2014, a Memorandum of Understanding (MOU) was signed between the Unity Council and L & M to develop FTV Phase II.

On November 18, 2014 the City Council approved Resolution No. 85271 C.M.S. authorizing an exclusive negotiating agreement (ENA) with the Unity Council for the development of the FTV Phase II. The Unity Council has now substantially completed the requirements of the ENA for Phase IIA, the mixed-income housing part of the project. The Planning Commission approved the project permits and plans on May 6, 2015.

On June 22, 2015, the City Council approved Ordinance No. 13313 authorizing the City Administrator to negotiate and execute a Lease Disposition and Development Agreement, a 66 year ground lease with the Unity Council and L & M Development Partners, Inc. for the FTV Phase IIA mixed-income development. On July 1, 2015, the City of Oakland, the Unity Council, and L & M Development Partners, Inc. signed and executed the LDDA.

PROJECT DEVELOPERS

The Unity Council

The Unity Council was founded in 1964, incorporated in 1967, and received 501(c) (3) tax-exempt status in 1968. The Unity Council is a non-profit community development corporation committed to enriching the quality of life of families primarily in the Fruitvale District of Oakland.

Item: _____
Committee
November 10, 2015

Its mission is to help families and individuals build wealth and assets through comprehensive programs of sustainable economic, social, and neighborhood development.

L & M Development Partners, Inc.

Since its foundation in 1984, L & M states that it has been an innovator in developing quality affordable, mixed-income, and market rate housing, while improving the neighborhoods in which it works. L & M is a full-service firm that works from conception to completion, handling development, investment, construction, and management. L & M is responsible for more than \$4 billion in development, construction, and investment, and has created or preserved more than 15,000 residential units in New York's Tri-State area, the West Coast and Gulf Coast region.

L & M takes pride in its long-standing dedication to the communities it serves, demonstrated through an annual scholarship fund, job training programs, afterschool programs, and substantial support for local nonprofits. Most recently, L& M completed Candlestick Heights, consisting of 196 units of affordable housing in San Francisco.

East Bay Asian Local Development Corporation (EBALDC)

EBALDC is a nonprofit community development organization with over 40 years of experience building healthy, vibrant, and safe neighborhoods in Oakland and the greater East Bay. EBALDC develops and manages high quality affordable apartments and homes, retail spaces for local small businesses and community centers, while fostering increased economic opportunities for low-income families and individuals. These comprehensive programs help families and individuals begin a path toward financial security and access the resources they need to lead healthy, stable, and fulfilling lives.

The Property

The 3.4-acre project site currently consists of two parcels. Phase IIA or the mixed-income component is 1.23 acres (APN 033-2177-021) and Phase IIB, the market rate component (APN 033-2197-019), is 2.18 acres. The site serves as a 547-space surface parking lot for the general public. The surface parking lot will be phased out during the construction of the proposed project. The City has entered into an LDDA for Phase IIA for the mixed-income housing and, upon the satisfaction of conditions precedent under the LDDA, the City will enter into a ground lease with the Developer for this parcel. At this time, the City will continue to negotiate the terms of an LDDA with the Developer for the Phase IIB market rate housing component.

The project site was purchased from the Bay Area Rapid Transit (BART) with Coliseum Redevelopment Project Area Taxable Bond funds. BART required a number of conditions, covenants, and restrictions on the property that allow only transit-oriented development uses to be permitted.

The Proposed Project In Context With Fruitvale Transit Village (FTV) Phase I

Phase I of the FTV is a successful national model for livable communities created by the Unity Council and completed in 2003. Located in the heart of the vibrant Fruitvale neighborhood, Fruitvale Village is a mixed-use development that includes retail spaces, offices, and apartments. The ground floor of the FTV Phase I is home to locally-owned retail spaces. The second floor offers office spaces for important community resources and organizations. Finally, on the third floor, there are 47 mixed-income one and two-bedroom apartments. Fruitvale Village is adjacent to the Fruitvale BART station with a major AC Transit hub, making the property an internationally renowned transit oriented development property, or TOD. Wide pedestrian plazas running through the village are host to weekly farmer's markets, and event spaces. Fruitvale Village is also adjacent to the bustling Fruitvale commercial district that has experienced a dramatic transformation over the past 10 years.

FTV Phase II is the continuation of the Unity Council's revitalization vision for the Fruitvale. This plan will bring new residents and rental units to the village and foster 24-hour, 7-day vibrancy and a sense of community that will further strengthen the commercial and retail components located at the village retail plaza. The guiding principles for the Phase II development are to provide mixed-income residences, to incorporate state of the art green building and energy savings systems, and an award winning architectural finished product. The project site is governed by the S-15 TOD Zone capitalizing on both the BART transit resource as well as the prospective Alameda County Bus Rapid Transit (BRT) line along the International Boulevard line to be developed two blocks north of the project.

ANALYSIS AND POLICY ALTERNATIVES

Amendment to LDDA

EBALDC's 40 years of experience in developing, constructing, and managing housing in the City of Oakland will bring a strong addition to the development of the FTV Phase IIA project. EBALDC has invested more than \$200 million in assets that have had substantial physical and social impact in the City of Oakland, including a total of 2,046 homes and more than 300,000 square feet of commercial space that bring street-level vitality and critical services throughout Oakland's neighborhoods. The Unity Council is partnering with EBALDC to increase its capacity to seek financing, construct, and manage the FTV Phase IIA project. If the Ordinance is not approved, the Unity Council and L & M will not be able to benefit from EBALDC's long-term expertise with affordable housing development in Oakland.

Proposed \$7,050,000 Loan

In addition, City staff recommends a \$7,050,000 loan to the Unity Council for the construction of the 94 mixed-income units. The loan will come from \$2,550,000 million of Central City East bond funds and \$500,000 of Coliseum bond funds with a total of \$3,050,000 bond funds plus the \$4 million of Prop 1C funds. The \$3,050,000 of bond funds is 7% of the \$45,073,903 total development costs for the project. The \$4 million HCD Proposition 1C funds are a loan to the FTV Phase IIA Project targeted for affordable units.

The aggregate \$7,050,000 loan will serve as a match to the other sources of funding to be solicited by the Unity Council, EBALDC, and L & M. The loan will also reduce the tax credit equity required for the project which makes the project more competitive for the next round of Low Income Housing Tax Credits. Finally, the City will benefit from paying off a balloon payment of \$5.4 million at a discounted rate of \$3,050,000.

If the loan is not approved, the City will owe a balloon payment in 2023 of \$5.4 million dollars that will have to come from the General Purpose Fund and the FTV Phase II financing will continue to be challenging.

The loan will also assist with the development of the 94 mixed-income units which are in great demand in the Fruitvale area and the City of Oakland. The units are broken down in the following manner:

Affordability	Units	% of Total
30% Area Median Income (AMI)	19	20%
40% AMI	11	12%
50% AMI	30	32%
60% AMI	20	22%
80% AMI	0	0%
Market Rate	13	14%
Total	93	100%

One unit is for the manager for a total of 94 mixed-income units.

FISCAL IMPACT

Fund Source	Organization	Account	Project	Program	Amount
5643	94889	54912	P356910	SC18	\$2,550,000
5656	94859	54930	P452510	SC12	\$ 500,000
2144	94859	TBD	C494010	SC12	\$4,000,000
Total					\$7,050,000

As stated in the Executive Summary, City staff has negotiated with the Unity Council to provide the \$3,050,000 of bond funds as a loan to FTV Phase IIA in lieu of a \$5.4 million balloon payment obligation, due in year 2023 to the Unity Council, related to the FTV Phase I project. The City of Oakland currently leases 8,500 square feet of space for a Senior Center in the FTV Phase I, owned by the Unity Council. The Senior Center lease agreement currently has no lease payments, but instead has a balloon payment of approximately \$5.4 million due in the year 2023. The \$3,050,000 loan of bond proceeds represents a discounted value of the \$5.4 million obligation in today's dollars. If approved by the City Council, the lease agreement for the Senior Center will be amended to reflect this upfront payment and agreement. The \$3,050,000 loan will eliminate the General Purpose Fund (GPF) payment of a future obligation of \$5.4 million.

The city-owned property for the FTV Phase IIA project was purchased with restricted bond funds. The payment of the loan agreement, at or before 55 years or when the affordability agreement is terminated, must be used for a redevelopment purpose in the redevelopment area

Item: _____
 Committee
 November 10, 2015

that issued the bonds. As required with the sale of former Redevelopment Agency property since the dissolution of redevelopment, these restricted bond proceeds need to be used for redevelopment purposes. The development of affordable housing meets this requirement.

PUBLIC OUTREACH / INTEREST

The property is located in the former Coliseum Redevelopment Project Area. A community meeting was held on April 22, 2015 to present the project and many comments were received. Community members were mostly supportive of the project. However, concerns were raised regarding the overall parking shortage in the area. Attendees were aware that the proposal meets the parking requirements and that the parking shortfall results from the need for additional parking to support BART patrons and nearby businesses and services. City staff is now working with FTV business tenants on alternative off street parking options to address this concern. The proposed development was presented and approved for entitlements by the Planning Commission on May 6, 2015.

COORDINATION

Staff from Economic and Workforce Development and the Planning and Building Department have been working with the Developer on the proposed new Fruitvale Transit Village Phase II. The Unity Council has coordinated the environmental testing on the site. Finally, Real Estate Services and former redevelopment staff were directly responsible for the acquisition of the BART parking lot parcels.

SUSTAINABLE OPPORTUNITIES

Economic: The proposed transit oriented development will complement and increase both affordable and market rate housing stock in Oakland as well as the Fruitvale district. This project will improve neighborhood conditions and make the neighborhood area more attractive to current and prospective residents, tenants, and businesses that can provide employment within Oakland.

Environmental: The proposed transit oriented development is expected to contribute to smart growth by stimulating neighborhood use of the existing Fruitvale district and the expansion of the Fruitvale Transit Village.

Social Equity: The project will provide much needed residential affordable housing units and a positive stimulus to the neighborhood where the development of land is both welcomed and important to continued neighborhood growth and stability.

CEQA

An Environmental Impact Report (EIR) was certified in May 2010. Pursuant to Sections 15162-15164 of the California Environmental Quality Act (CEQA) Guidelines, no additional environmental

Item: _____
Committee
November 10, 2015

review is necessary. The Planning Commission approved the project on May 6, 2015 and made required CEQA findings accordingly.

ACTION REQUESTED OF THE CITY COUNCIL

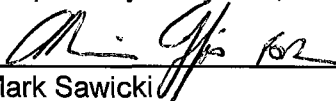
Staff recommends that the City Council adopt the following legislation:

An Ordinance Amending Ordinance No. 13313 C.M.S. To Add The East Bay Asian Local Development Corporation ("EBALDC") As An Additional Party To The Lease Disposition And Development Agreement (Phase IIA), A Sixty-Six (66) Year Ground Lease And Related Documents (Collectively "LDDA") As Amended By and Among The City Of Oakland, a municipal corporation, The Spanish Speaking Unity Council Of Alameda County, Inc., L & M Development Partners, Inc. and EBALDC For The Development Of Mixed Income Housing Located On APN 033-2177-021 At 37th Avenue And East 12th Street; and

A Resolution Authorizing The City Administrator or Designee to Negotiate and Execute A Development Loan Agreement By and Between the City of Oakland and The Spanish Speaking Unity Council Of Alameda County, Inc. ("Unity Council") to Provide a Loan to Unity Council in the Aggregate Amount of \$7,050,000 For The Fruitvale Transit Village Phase IIA Project By: (A) Amending The Central City East Redevelopment Project Area Excess Bond Spending Plan By Re-Appropriating And Re-Allocating Previously Committed Excess Bond Proceeds in the Amount of \$2,550,000 From Central City East -Major Projects; (B) Amending the Coliseum Redevelopment Project Area Excess Bond Spending Plan By Re-Appropriating And Re-Allocating Previously Committed Excess Bond Proceeds in the Amount of \$500,000 From Coliseum City EIR and Specific Plan For A Total of \$3,050,000 Excess Bond Funds; And (C) Allocating \$4 Million Of Proposition 1C Funds From the State of California's Housing and Community Development Department As A Loan To The Fruitvale Transit Village Phase IIA Project.

For questions regarding this report, please contact Theresa Lopez, Urban Economic Analyst IV at (510) 238-6250.

Respectfully submitted,



Mark Sawicki
Director, Economic and Workforce
Development Department

Reviewed by:

Larry Gallegos, East Oakland Area Manager

Prepared by:

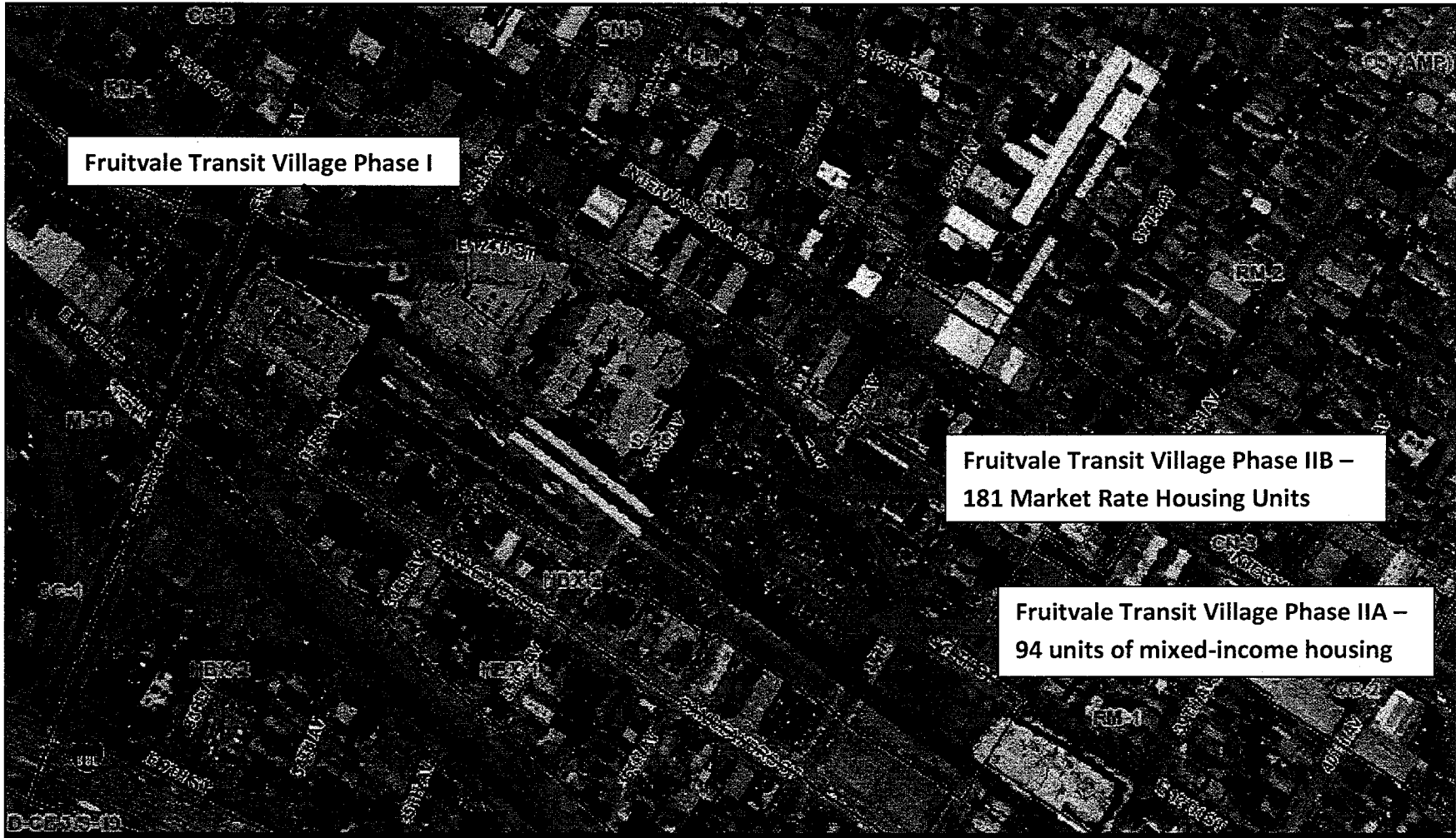
Theresa Lopez, Urban Economic Analyst IV
Project Implementation

Attachments: Attachment A - Map of the Fruitvale Transit Village
Attachment B - Map of the Fruitvale Transit Village Phase IIA and IIB

Item: _____
Committee
November 10, 2015

ATTACHMENT A

FRUITVALE TRANSIT VILLAGE

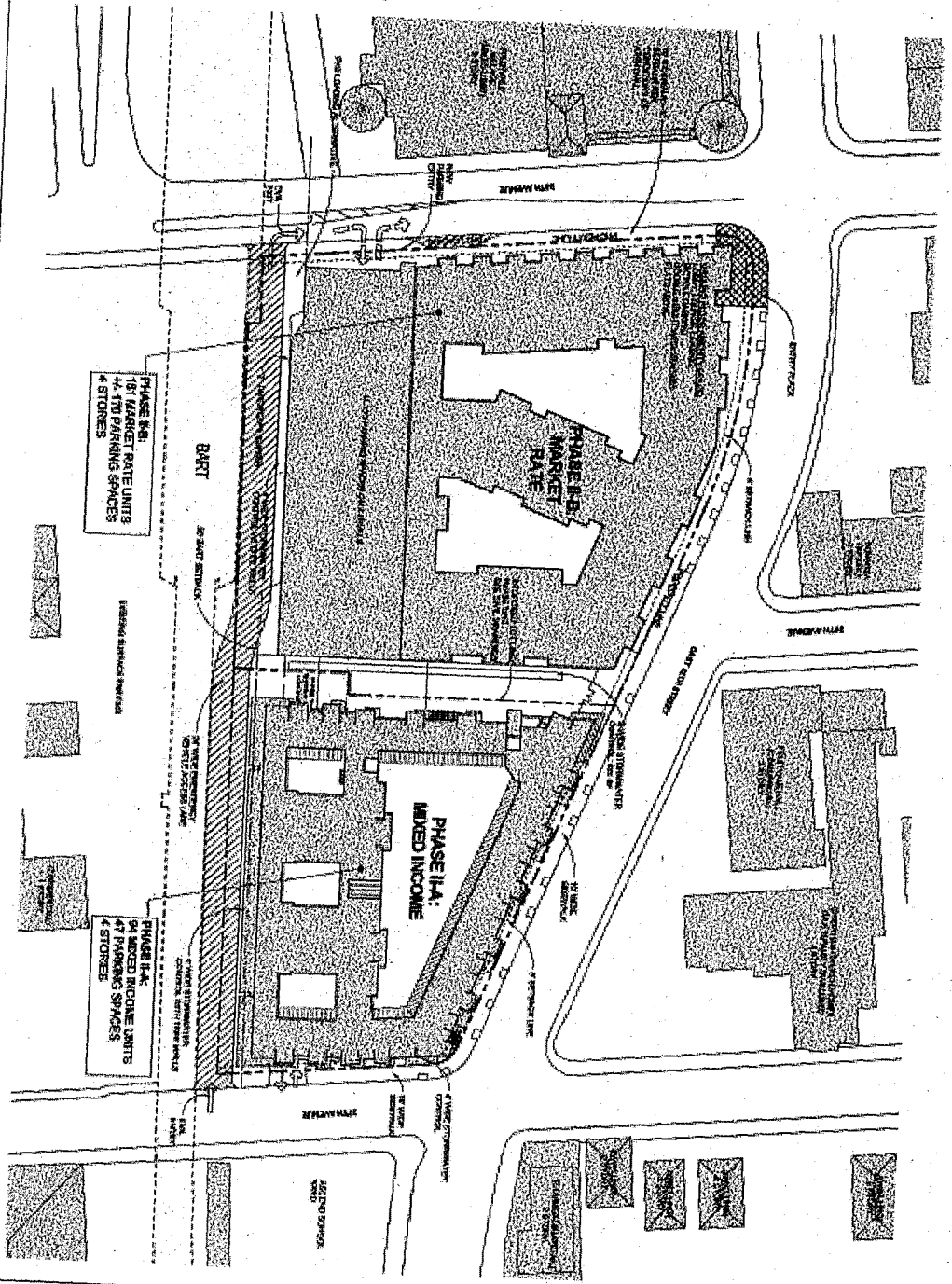


Fruitvale Transit Village Phase I

Fruitvale Transit Village Phase IIB -
181 Market Rate Housing Units

Fruitvale Transit Village Phase IIA -
94 units of mixed-income housing

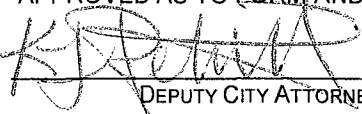
ATTACHMENT B
FRUITVALE VILLAGE PHASE IIA SITE PLAN



<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center;">PAIOTK</td> </tr> <tr> <td style="text-align: center;"><small>PAIOTK ENGINEERING</small></td> </tr> <tr> <td style="text-align: center;"><small>1330 20TH AVENUE, SUITE 200</small></td> </tr> <tr> <td style="text-align: center;"><small>FRUITVALE, CA 94543</small></td> </tr> <tr> <td style="text-align: center;"><small>TEL: (925) 437-4800</small></td> </tr> <tr> <td style="text-align: center;"><small>FAX: (925) 437-4801</small></td> </tr> </table>	PAIOTK	<small>PAIOTK ENGINEERING</small>	<small>1330 20TH AVENUE, SUITE 200</small>	<small>FRUITVALE, CA 94543</small>	<small>TEL: (925) 437-4800</small>	<small>FAX: (925) 437-4801</small>	<p style="text-align: center;">FRUITVALE TRANSIT VILLAGE PHASE II-A</p>	<p style="text-align: right;">SITE PLAN - PHASE IIA</p> <p style="text-align: right;">A1.03</p>						
PAIOTK														
<small>PAIOTK ENGINEERING</small>														
<small>1330 20TH AVENUE, SUITE 200</small>														
<small>FRUITVALE, CA 94543</small>														
<small>TEL: (925) 437-4800</small>														
<small>FAX: (925) 437-4801</small>														
<table border="0" style="width: 100%; font-size: small;"> <tr> <td>DATE:</td> <td>08/11/11</td> </tr> <tr> <td>DESIGNER:</td> <td>JANUARY</td> </tr> <tr> <td>CHECKER:</td> <td>MARK</td> </tr> <tr> <td>DATE:</td> <td>02/14/12</td> </tr> <tr> <td>TITLE:</td> <td>ATTACHMENT B</td> </tr> <tr> <td>PROJECT NUMBER:</td> <td>12-11-11-001</td> </tr> </table>	DATE:	08/11/11	DESIGNER:	JANUARY	CHECKER:	MARK	DATE:	02/14/12	TITLE:	ATTACHMENT B	PROJECT NUMBER:	12-11-11-001	<p style="text-align: center;">FRUITVALE TRANSIT VILLAGE PHASE II-A</p>	<p style="text-align: center;">DATE: 08/11/11</p> <p style="text-align: center;">DESIGNER: JANUARY</p> <p style="text-align: center;">CHECKER: MARK</p> <p style="text-align: center;">DATE: 02/14/12</p> <p style="text-align: center;">TITLE: ATTACHMENT B</p> <p style="text-align: center;">PROJECT NUMBER: 12-11-11-001</p>
DATE:	08/11/11													
DESIGNER:	JANUARY													
CHECKER:	MARK													
DATE:	02/14/12													
TITLE:	ATTACHMENT B													
PROJECT NUMBER:	12-11-11-001													

2015 OCT 29 PM 3:28

APPROVED AS TO FORM AND LEGALITY


DEPUTY CITY ATTORNEY

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

AN ORDINANCE AMENDING ORDINANCE NO. 13313 C.M.S. TO ADD THE EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION ("EBALDC") AS AN ADDITIONAL PARTY TO THE LEASE DISPOSITION AND DEVELOPMENT AGREEMENT (PHASE IIA), A SIXTY-SIX (66) YEAR GROUND LEASE AND RELATED DOCUMENTS (COLLECTIVELY "LDDA") AS AMENDED BY AND AMONG THE CITY OF OAKLAND, A MUNICIPAL CORPORATION, THE SPANISH SPEAKING UNITY COUNCIL OF ALAMEDA COUNTY, INC., L & M DEVELOPMENT PARTNERS, INC. AND EBALDC FOR THE DEVELOPMENT OF MIXED INCOME HOUSING LOCATED ON APN 033-2177-021 AT 37TH AVENUE AND EAST 12TH STREET

WHEREAS, pursuant to the authority granted in Resolution No. 2010-1000 C.M.S adopted July 13, 2010, the former City of Oakland Redevelopment Agency (the "Agency") purchased a 3.4 acre surface parking lot consisting of two parcels, APN 033-2177-021 ("Phase IIA Property") and APN 033-2197-019 ("Phase IIB Property") bounded by 35th and 37th Avenues, East 12th Street and the Bay Area Rapid Transit (BART) tracks (Phase IIA Property and Phase IIB Property, collectively, the "Property"), to promote economic development in the community and to assist with the development of Phase II of the Fruitvale Transit Village; and

WHEREAS, in January 2012, all redevelopment agencies in the State of California were dissolved, the Oakland Redevelopment Successor Agency ("ORSA") became the successor agency to the Agency and pursuant to the long range property management plan approved by the California Department of Finance in May 2014, the Property was transferred to the City of Oakland (the "City"); and

WHEREAS, the City and the Spanish Speaking Unity Council of Alameda County and L & M Development Partners, Inc. hereinafter collectively referred to as developer ("Developer") entered into an Exclusive Negotiating Agreement ("ENA") on November 18, 2014 for the purpose of studying the feasibility of the development of a proposed mixed income housing project comprised of 94 mixed-income residential units on the parcel number 033-2177-021 (the "Phase IIA Project") and a proposed market rate housing project comprised of 181 market rate residential units on the parcel number 033-2197-019 (Phase IIB Project); and

WHEREAS, on June 22, 2015, the City Council authorized the City Administrator to negotiate and execute a Lease and Disposition Agreement (LDDA) with the Spanish Speaking Unity Council of Alameda County, Inc. and L & M Development Partner Inc. for the development of the Fruitvale Transit Village Phase IIA project. The City now wishes to amend the Lease Development and Disposition Agreement and related documents (collectively, the "LDDA") with the Developer to add the East Bay Asian Local Development Corporation (EBALDC) as an additional party to the LDDA. The LDDA sets forth the terms and conditions of the development of the Phase IIA Project

and the use of the Phase IIA Property by the Developer and any successors to the Phase IIA Property; and

WHEREAS, staff and Developer have negotiated a LDDA Term Sheet Fruitvale Transit Village Phase IIA, Mixed Income Housing which sets forth the terms and conditions to be included in the LDDA and its exhibits, including the Ground Lease for 66 years for lease of the Phase IIA Property for the development of Phase IIA Project, with a lease term payment of 50% percent of the cash flow from Year 1 to Year 66; and

WHEREAS, given the financial feasibility of the Phase IIA Project, the lease of the Property to the Developer will be for 66 years and will provide revenue to the City starting in year one to year sixty six; and

WHEREAS, California Government Code Section 52201 ("State Law") requires that before any real property formerly owned by the Agency is sold or leased for economic development purposes, the sale or lease must first be approved by the legislative body, i.e., the City Council, by resolution after public hearing; and

WHEREAS, a public hearing of the City Council was held to hear public comments on the lease of the Phase IIA Property to the Developer for the project; and

WHEREAS, notice of the time and place of the public hearing was given by publication in a newspaper of general circulation in Alameda County at least once a week for at least two successive weeks prior to the public hearing; and

WHEREAS, as required by State Law, the City made a report available to the public for inspection, no later than the first date of publication of the notice for the hearing, that contains: (i) a copy of the proposed lease of the Phase IIA Property and (ii) a summary of (a) the cost of the agreement to the City, (b) the estimated highest and best use value permitted under the City general plan or zoning, (c) the estimated value determined at the use required by the lease, with an explanation of the reasons for the difference between the two values, and (d) an explanation, with supporting facts and materials, of why the lease of the Phase IIA Property and development of the Phase IIA Project will assist in the creation of economic opportunity; and

WHEREAS, the City Council previously certified in May 2010 the Environmental Impact Report (EIR) for the Project and the Oakland City Planning Commission approved the Project for entitlements on May 6, 2015; now, therefore

The Council of the City of Oakland does ordain as follows:

SECTION 1. The City Council hereby authorizes an amendment to add East Bay Asian Local Development Corporation (EBALDC) as an additional party to the LDDA related to the Phase IIA Property with the Developer for development of 94 residential units of mixed-income housing on the Phase IIA Property located on assessor's parcel number 033-2177-021 and to lease the Phase IIA Property for sixty-six (66) years to the Developer or an affiliated entity approved by the City Administrator; and

SECTION 2. The City Council hereby authorizes the City Administrator or designee to negotiate and execute the amendment to the LDDA

SECTION 3. The City Council hereby finds and determines that the lease of the Phase IIA Property for the Phase IIA Project will assist in the creation of economic opportunity in the City by:

- creating and expanding new jobs, including approximately 261 construction jobs and 3 permanent jobs, which is at least one full-time equivalent permanent job for every \$35,000 in City investment; and
- increasing property tax revenue to all taxing entities by at least 15% of total property tax when compared to the year prior to the City's acquisition of the Property.

SECTION 4. The City Council hereby further finds and determines that the consideration for the lease of the Phase IIA Property is not less than the fair reuse value of the Phase IIA Property at the use and with the covenants and conditions and development costs authorized by the lease, and that it is in the best interest of the City to lease the Phase IIA Property to the Developer at its fair reuse value given the need to redevelop the Phase IIA Property for the benefit of the community.

SECTION 5. All agreements associated with the conveyance of the Phase IIA Property for the Phase IIA Project shall be reviewed and approved as to form and legality by the Office of the City Attorney prior to execution by the City, and shall be placed on file with the City Clerk.

SECTION 6. The City Council hereby finds and determines that none of the circumstances necessitating preparation of additional environmental review, as specified in CEQA and the CEQA Guidelines, including, without limitation, Public Resources Code Section 21166 and CEQA Guidelines Sections 15162 or 15163 are present in that (1) there are no substantial changes proposed in the Phase IIA Project or the circumstances under which the Phase IIA Project is undertaken that would involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and (2) there is no "new information of substantial importance," as defined in CEQA Guidelines Section 15162(a)(3).

SECTION 7. The recitals contained in this Ordinance are true and correct and are an integral part of the Council's decision.

SECTION 8. The City Council hereby authorizes the City Administrator or designees to (1) determine satisfaction of conditions precedent under the LDDA to the conveyance of the leasehold estate in the Phase IIA Project, such determination to be conclusively evidenced by the execution and delivery by the City Administrator of the Ground Lease and (2) take whatever action is necessary with respect to the lease of the Phase IIA Property for the Phase IIA Project consistent with this Ordinance and its basic purposes.

SECTION 9. This Ordinance shall be in full force and effect immediately upon final adoption, as provided by Section 216 of the City Charter, if adopted by at least six members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2015

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID,
and PRESIDENT GIBSON MCELHANEY

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

AN ORDINANCE AMENDING ORDINANCE NO. 13313 C.M.S. TO ADD THE EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION ("EBALDC") AS AN ADDITIONAL PARTY TO THE LEASE DISPOSITION AND DEVELOPMENT AGREEMENT (PHASE IIA), A SIXTY-SIX (66) YEAR GROUND LEASE AND RELATED DOCUMENTS (COLLECTIVELY "LDDA") AS AMENDED BY AND AMONG THE CITY OF OAKLAND, A MUNICIPAL CORPORATION, THE SPANISH SPEAKING UNITY COUNCIL OF ALAMEDA COUNTY, INC., L & M DEVELOPMENT PARTNERS, INC. AND EBALDC FOR THE DEVELOPMENT OF MIXED INCOME HOUSING LOCATED ON APN 033-2177-021 AT 37TH AVENUE AND EAST 12TH STREET; AND

NOTICE AND DIGEST

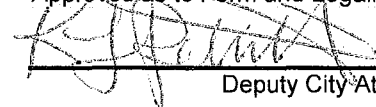
This Ordinance authorizes the disposition of a portion of the property at 35th Avenue and East 12th Street known as assessor's parcel number 033-2177-021 to the Spanish Speaking Unity Council of Alameda County, L & M Development Partners Inc., and the East Bay Asian Local Development Corporation for the development of Phase IIA which shall consist of 94 mixed income residential units and 47 parking spaces. This Ordinance authorizes the City Administrator to Amend the Lease Disposition and Development Agreement (LDDA) with the Spanish Speaking Unity Council of Alameda County and L & M Development Partners Inc. to add the East Bay Asian Local Development Corporation as a third party to the LDDA, for this transaction, and makes associated findings with respect to the California Environmental Quality Act (CEQA) and other matters.

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2015 OCT 29 PM 3:29

2015 OCT 29 PM 3:27

Approved as to Form and Legality:


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

A Resolution Authorizing The City Administrator or Designee to Negotiate and Execute A Development Loan Agreement By and Between the City of Oakland and The Spanish Speaking Unity Council Of Alameda County, Inc. ("Unity Council") to Provide a Loan to Unity Council in the Aggregate Amount of \$7,050,000 For The Fruitvale Transit Village Phase IIA Project By: (A) Amending The Central City East Redevelopment Project Area Excess Bond Spending Plan By Re-Appropriating And Re-Allocating Previously Committed Excess Bond Proceeds in the Amount of \$2,550,000 From Central City East - Major Projects; (B) Amending the Coliseum Redevelopment Project Area Excess Bond Spending Plan By Re-Appropriating And Re-Allocating Previously Committed Excess Bond Proceeds in the Amount of \$500,000 From Coliseum City EIR and Specific Plan For A Total of \$3,050,000 Excess Bond Funds; And (C) Allocating \$4 Million Of Proposition 1C Funds From the State of California's Housing and Community Development Department As A Loan To The Fruitvale Transit Village Phase IIA Project.

WHEREAS, the City of Oakland ("City") owns a 3.4 acre surface parking lot bounded by 35th and 37 Avenues, East 12th Street, and the Bay Area Rapid Transit (BART) tracks which contains two parcels, including a southern parcel adjacent to 37th Avenue, parcel number 033-2177-021, and a northern parcel adjacent to 35th Avenue, parcel number 033-2197-019; and

WHEREAS, Pursuant to the City of Oakland Redevelopment Agency ("Agency") Resolution No. 2010-1000 C.M.S dated July 13, 2010 the Agency Administrator was authorized to purchase the parking lot from the Bay Area Rapid Transit (BART) so that it could be developed into Phase II of the Fruitvale Transit Village; and

WHEREAS, On November 18, 2014 pursuant to Resolution No. 85271C.M.S the City Council approved a \$350,000 predevelopment loan to the Spanish Speaking Unity Council of Alameda County, Inc. ("Unity Council") for the Fruitvale Transit Village Phase IIA project; and

WHEREAS, on October 15, 2013 Resolution No. 84660 C.M.S., the City Council authorized the City Administrator to apply for, accept, and appropriate funds in a total amount not to exceed \$8 million from the California Department of Housing and Community

Development under the Transit Oriented Development Prop 1C program for the Fruitvale Transit Village Phase IIA Project; and

WHEREAS, the City was awarded \$4 million dollars from Prop 1C funds and the Unity Council was awarded \$4million from Prop 1C funds and the City wishes to provide the \$4 million as a loan to the Spanish Speaking Unity Council of Alameda County Inc. for the Fruitvale Transit Village Phase IIA project; and

WHEREAS, the City desires to enter into a development loan agreement by and between the City and Unity Council to provide a loan in an aggregate amount of \$7,050,000 ("Loan"), comprised of \$2,550,000 of million from Central City East bond funds City (1), Central City East Taxable Bonds (5643), Organization 94899 (CIP Central City East), Third Party Contract (54912), Central City East Public Private Development (P356910), Central City East Program (SC18), \$500,000 from Coliseum bond funds City (1), Coliseum Taxable Bonds (5656), CIP Coliseum Services (94859), Professional Services (54930), Coliseum City Specific Plan (P452510), and Coliseum (SC12), and \$4,000,000 from Housing and Community Development Prop 1C funds Grant Fund (2144), Project Fruitvale TV HCD Prop 1C (C494010); and for the development of Phase IIA which will consist of 94 mixed-use housing units on parcel number 033-2177-021; and

WHEREAS, the Loan will be deferred for 55 years as long as the term of the affordability agreement set on the development of the Fruitvale Transit Village Phase IIA project; and

WHEREAS, the City wishes to execute a portion of the \$7,050,000 loan as a discounted lease payment for the Senior Center lease located at the Fruitvale Transit Village Phase I project. The City of Oakland currently leases 8,500 square feet of space for a Senior Center in the FTV Phase I, owned by the Unity Council. The Senior Center lease agreement currently has no lease payments, but instead has a balloon payment of approximately \$5.4 million due in the year 2023. The City wishes to provide a loan of \$3,050,000 in-lieu of the \$5.4 million payment due in year 2023. The \$3,050,000 loan represents a discounted value of the \$5.4 million obligation in today's dollars; and

WHEREAS, a public hearing of the City Council was held to hear public comments on the loan agreement to the Unity Council for the Fruitvale Transit Phase IIA project; and

WHEREAS, the City has reviewed the pro forma for the 94 mixed-income housing units and determined that based on the development costs, rental income, and other revenue to the property the project is feasible with a 66 year ground lease, now therefore, be it

RESOLVED: That the City hereby authorizes the City Administrator or designee to negotiate and execute a development loan agreement to provide a loan to Unity Council in the aggregate amount of \$7,050,000 for the development and construction of the Fruitvale Transit Village Phase IIA 94 mixed-income housing development; and be it

FURTHER RESOLVED: That the funds will come from the Central City East bond funds, the Coliseum bond funds, and the Housing Community Development Prop 1C grant funds, per Resolution 84660 as follows:

Fund Source	Organization	Account	Project	Program	Amount
5643	94899	54912	P356910	SC18	\$2,550,000
5656	94859	54930	P452510	SC12	\$ 500,000
2144	94859	TBD	C494010	SC12	\$4,000,000
Total					\$7,050,000

and be it

FURTHER RESOLVED: That a new Project Number will be created for the Fruitvale Transit Village Phase IIA loan; and be it

FURTHER RESOLVED: That the development loan agreement shall be reviewed and approved as to form and legality by the City Attorney's Office prior to execution; and be it

FURTHER RESOLVED: That the City hereby authorizes the City Administrator to amend the lease agreement for the Senior Center to reflect the upfront lease payment of \$3,050,000 and that no further payments will be due to the Unity Council as lease payments for the Senior Center located at the Fruitvale Transit Village Phase I site: and

FURTHER RESOLVED: That the City Administrator or Designee is further authorized to negotiate and enter into the Development Loan Agreement and take whatever action is necessary with respect to the Loan and the Project, consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL-WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and
PRESIDENT GIBSON McELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California