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OFFICE OF THE CITY CLERK
OAKLAND

2016 MAR -3 PM 5: 09

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Mark Sawicki
Director, EWD

SUBJECT: 12th Street Remainder Parcel
Exclusive Negotiating Agreement
with UrbanCore and EBALDC

DATE: March 2, 2016

City Administrator Approval

Date:

3/3/16

RECOMMENDATION

Staff Recommends That The City Council Adopt The Following Legislation:

Resolution Authorizing The City Administrator or Designee To Negotiate And Execute An Exclusive Negotiating Agreement With UrbanCore Development, LLC and East Bay Asian Local Development Corporation (Collectively "Developer") For Development Of The 12th Street Remainder Parcel Located At E12th Street and 2nd Avenue

EXECUTIVE SUMMARY

On July 14, 2015, the City issued a Notice of Offer and Intent to Convey Property ("Notice") for a City-owned property identified as Assessor Parcel Number ("APN") 19-27-14, located between E12th Street and 2nd Ave in Oakland, California ("Property"). Five entities initially responded with interest. Three of those entities were responsive to the City's requests for information on their respective development proposals that would allow the City to evaluate the offers and further negotiate. Staff formed an Evaluation Committee ("Committee") to evaluate proposals and interview the teams, and to provide a recommendation on which team the City should further negotiate with for disposition and development of the site. The three finalists were:

- Bridge Housing Corporation and AGI Avant
- Satellite Affordable Housing Associates ("SAHA") and E.12th St Wishlist Design Team
- UrbanCore Development, LLC and East Bay Asian Local Development Corporation ("EBALDC")

The Committee and staff unanimously recommend that the Council direct staff to pursue exclusive negotiations with the UrbanCore/EBALDC team and provide additional direction for staff to negotiate the terms of a Disposition and Development Agreement ("DDA") or Lease Disposition and Development Agreement ("LDDA") for consideration of approval as soon as possible. The UrbanCore/EBALDC proposal and team received the highest overall ranking from the Committee. Their proposal maximizes the density allowed on the site, providing 360 homes, of which 108 units (30%) will be affordable. Their proposal also provides the greatest additional community benefits, requests the lowest subsidy from the City, offers the highest value for the City land and is the furthest along in their development schedule.

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(See **Attachment A: Summary of Offers** and **Attachment B: Comparison of Development Schedules**).

On February 29, 2016, the Community and Economic Development (“CED”) Committee heard presentations from UrbanCore/EBALDC and the two potential alternates as well as comments from the public on the three proposals for the Property.

BACKGROUND / LEGISLATIVE HISTORY

A. Property Location and Ownership History

The 12th Street Remainder Parcel is currently owned by the City of Oakland. This 0.925 acre of land was previously public right-of-way and was created in 2011 as a result of the reconfiguration of 12th Street that was a part of the City of Oakland’s Lake Merritt Park Improvement/12th Street Reconstruction Project which was funded by Measure DD.

The Remainder Parcel is bounded by E. 12th Street on the east, by 2nd Avenue & OUSD property on the south, by the newly created open space to the west and by Lake Merritt Blvd to the north.

The Redevelopment Agency acquired the Remainder Parcel from the City on June 16, 2011 for \$2.5 million for the purpose of controlling development of this key site through a DDA. The price was based on a Fair Market Value Appraisal considering the highest and best use of the Property based on the zoning and estimated parcel size existing at the time. In February of 2012, with the dissolution of the Redevelopment Agency, the Property was transferred to the Oakland Redevelopment Successor Agency by operation of law.

In August 2013 the Oakland Redevelopment Successor Agency and the City received a City of Oakland Redevelopment Agency Asset Transfer Review from the California State Controller, commonly referred to as the “Clawback Report”. This report, among other things, disallowed the 2011 acquisition of the Property by the Agency and required the City to transfer the sales proceeds for the Remainder Parcel back to the Oakland Redevelopment Successor Agency. Therefore, on April 7, 2014 the Oakland Redevelopment Successor Agency transferred ownership of the 12th Street Remainder Parcel back to the City.

B. Disposition Offering History

In 2012, the former Oakland Redevelopment Agency and the City had sought development proposals for the Property and considered a project for high density residential development, consistent with the policy of the recently adopted Lake Merritt Station Area Specific Plan. In July 2013, the City Council (Resolution No. 84492 C.M.S.) authorized the City Administrator to enter into an 18-month ENA with UrbanCore-Integral Development, LLC for the development of a high-rise residential tower on the Property.

On June 16, 2015, Council passed on first reading an Ordinance authorizing a DDA with UrbanCore and UDR for a 330 unit market-rate project with an \$8 million payment (\$24,242 per

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unit) into the City's Affordable Housing Trust Fund. There was no second reading of the Ordinance, and the DDA was not approved. Instead, Council directed staff to issue a "Notice of Offer and Intent to Convey Property" to local public entities and housing sponsors to see if there was interest in purchasing or leasing the land.

On July 14, 2015, the City released the Notice for the Property. The Notice was initially sent to fourteen local public entities and four housing sponsors that had provided the City with a written request as of the date of the Notice. It was subsequently sent to ten additional requestors and a FAQ ("Frequently Asked Questions") sheet was released that indicated the City would consider any viable proposals received during the notice period from any local public entity or housing sponsor whether they received the Notice directly from the City or not. Council further instructed staff that their preference was a proposal that provided at least 25 percent of the units as below market rate ("BMR"), maximized the total number of units, and maximized community benefits.

On September 14, 2015, 60 days after the issuance of the Notice, the City received written responses from five interested parties indicating their intent to lease or purchase the Property (in alphabetical order):

- Bridge Housing Corporation and AGI Avant
- The E. 12th Wishlist Design Team (and later SAHA was added as the development partner)
- Oakland Unified School District ("OUSD")
- Projects Linking Art Community and Environment ("PLACE")
- UrbanCore Development and EBALDC

C. Developer Selection Process

An Evaluation Committee was formed to evaluate the submittals, request additional baseline information and to negotiate further with each of the five respondents during a negotiation period of more than 90 days. The Committee was made up of six staff and one external affordable housing development professional:

- Mark Sawicki, Economic and Workforce Development Director
- Patrick Lane, Acting Manager, Project Implementation Division
- Hui-Chang Li, Urban Economic Analyst II, Project Implementation Division
- Meg Horl, Housing Development Coordinator, Housing & Community Development Department
- Christia Mulvey, Housing Development Coordinator, Housing & Community Development Department
- Neil Gray, Planner, Bureau of Planning
- Linda Mandolini, President, Eden Housing

During the negotiation period, the Committee requested additional information from each respondent as a basis to evaluate offers and pursue negotiations. Among the items requested were:

- The number of total units
- The number of affordable units and at what level of affordability
- A development partner with information on their qualifications and experience
- A reasonable estimate of costs
- A reasonable method of financing
- Indication of whether a City subsidy is needed and how much
- Whether any community benefits will be provided through the proposed project
- A proposed price or lease value for the land

PLACE and OUSD did not submit detailed proposals and were generally non-responsive to the City's request for additional information. PLACE submitted a letter on January 7th to officially withdraw their proposal from further consideration. Although OUSD proposed a land swap with the City to expand the developable land of the Property and expressed support for affordable housing and workforce housing for OUSD employees to be developed on the Property, they have no experience developing affordable housing nor did they identify a development partner.

On January 7th, the Committee met with the three remaining development teams to discuss their proposals in more detail and negotiate further in person. On February 3rd, following further Council direction, staff requested the final three development teams put forth their best offer in writing, that meets the following terms to the greatest degree:

- Maximum density on the site (as defined by number of occupants versus number of units)
- Maximum affordable housing, which must be at least 25 percent of the total project:
 - affordability for all income ranges, starting at 30 percent of AMI but also including 60 percent to 120 percent of AMI
 - lowest City subsidy required in total and per unit
 - lowest other public subsidy resources required in total and per unit
- Greatest number of 2- and 3-bedroom units
- Provide shared access to all residents to 100 percent of the building's common spaces
- A Project Labor Agreement ("PLA") or greatest proportion and amount of construction labor cost at Prevailing Wage
- If possible, provide terms for a 66-year lease with an upfront pre-payment to the City of at least \$4.4 million

D. Prioritizing Affordable Housing

The Committee prioritized affordable housing in the selection criteria by creating a separate category for evaluating the affordable housing proposal and weighting this category with the highest percentage of points compared to the other six categories, as follows:

Maximum of 100 points:

- Development team experience (15 points)
- Development team financial capacity (10 points)
- Project concept and design (10 points)
- Affordable housing proposal (20 points)
- Community benefits package (15 points)
- Project financing and financial feasibility (15 points)
- Net fiscal benefits to the City (15 points)

In addition, three of the seven members of the committee are affordable housing professionals: two staff from the City's Housing and Community Development Department and an external affordable housing developer.

Please note that the California Surplus Lands Act does not apply to this transaction. However, even if the Act were determined to apply, the process by which the City has solicited and considered the development proposals and negotiated with interested entities has met the requirements of the Act.

ANALYSIS AND POLICY ALTERNATIVES

A. Brief Summary of Development Teams Who Presented to CED on February 29, 2016

UrbanCore/EBALDC

Michael E. Johnson created UrbanCore Development, LLC in 2010 with the goal of re-branding infill development activities for which the former Em Johnson Interest, Inc (EJI) had become known. Founded as a minority business enterprise in 1979 by Mr. Johnson, EJI has been a leading San Francisco Bay Area real estate company for more than 25 years. UrbanCore has successfully completed, or has in progress, a total of 32 projects, including approximately 3,000 housing units and over 100,000 square feet at a cost of \$800 million, primarily throughout the San Francisco Bay Area, but also Oregon, Atlanta, and elsewhere in the Southeast United States. UrbanCore has a history of strategic partnerships with non-profit and for-profit housing developers on mixed-income projects.

EBALDC is an Oakland-based nonprofit community development organization founded in 1975. EBALDC has invested more than \$200 million in assets that have had substantial physical and social impact on communities in Oakland and the East Bay, including a total of 2,046 homes and more than 300,000 square feet of commercial space. EBALDC's Neighborhood and Economic Development programs serve 4,000 low-income people annually, through resident

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services, financial education and counseling, youth and senior programming, and free tax preparation and assistance.

Bridge Housing/AGI Avant

Bridge Housing, a non-profit corporation based in San Francisco, is the largest developer of affordable and workforce housing in California. Since 1983, Bridge Housing has participated in the development of over 13,000 housing units and 350,000 square feet of retail/commercial space.

AGI Avant, Inc. is the local development partner of AGI Resmark Housing Fund, LLC. This Fund is a joint venture between AGI Avant, The Resmark Companies and Calpers (California Public Employees Retirement System) and has been allocated \$150 million in equity for the development of urban infill housing in the San Francisco Bay Area.

SAHA/ E12th Wishlist Design Team

The E12th Wishlist Design Team is a group of concerned community members who came together to lead and organize a community engagement process that resulted in the development concept and proposal for the Property that was submitted to the City on September 14, 2015. This group later added SAHA as the development partner to carry out their vision.

SAHA is an affordable housing developer that was formed in 2013 as a merger of Satellite Housing (Satellite) and Affordable Housing Associates (AHA). Satellite was founded in 1966 and by 2012 included 28 properties with 1,700 homes, serving approximately 1,800 low-income residents and employing over 120 staff. AHA was founded in 1993 and by 2012 grew to include 28 properties with approximately 900 homes, serving approximately 1,400 residents with a total staff of 50 employees.

Summary of the Three Offers

Below is a brief summary of the offers, as of February 16, 2016, from the three development teams. For more details on each offer, see **Attachment A – Summary of Offers**.

Developer	Project Description	Total Units	Total BMR Units (% of total)	Affordability Level of BMR Units	Net Offer Price to City	City Subsidy Request (assuming land value of \$5.1 M)
UrbanCore/EBALDC	26-story high rise tower and 8-story mid-rise	360	108 (30%)	30% to 120% of AMI	\$4.7 M	\$400K
Bridge / AGI Avant	27-story high rise tower (the core) plus 10-story facing open space and 6-story facing 2 nd Ave	364	104 (29%)	30% to 120% of AMI	\$4.0 M	\$1.1 M
SAHA / E12th Street Wishlist Design Team	7-story over one-level of underground parking	133	132 (99% -1 manager's unit)	30% to 100% of AMI	\$1.0 M	\$4.1 M

As indicated earlier under Developer Selection Process, per Council direction, staff requested the development teams to submit their best offer which maximizes density, affordable housing for a range of income levels, 2- and 3- bedroom units, shared access to all residents, PLA and a ground lease option. Staff recommends the City Council select the UrbanCore/EBALDC team for an ENA because their offer best meets those terms to the greatest degree.

The UrbanCore/EBALDC proposal:

- maximizes density on the Property (as defined by number of occupants),
- maximizes affordable housing production on-site for a range of income levels (30% to 120% of AMI) while minimizing City and other public subsidy costs for those BMR units,
- offers the greatest number of family-sized units (2- and 3- bedrooms),
- provides shared access to all residents to 100 percent of the building's common spaces,
- offers an option for a 100% PLA project,
- offers the required upfront payment to the City of \$4.4 million, and
- offers a 66-year lease on the affordable housing component.

The UrbanCore/EBALDC proposal is also distinguished by being the furthest along in their development schedule. Having previously invested time and money to secure Planning entitlements, CEQA clearance and to negotiate a draft DDA for a similar project on the Property, UrbanCore is prepared to complete the required ENA activities for their current proposal in six

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months and could potentially apply for this year's round of Affordable Housing and Sustainable Communities ("AHSC" aka "Cap & Trade") funds.

When considering these same terms, the Bridge/ AGI Avant proposal comes in at a very close second and is distinguished by their affirmative commitment to a 66-term lease of the Property.

While SAHA is a strong affordable housing developer, the project proposed does not maximize density or the amount of affordable housing production for the level of resources it requires. The exclusion of market-rate units in the project results in the need for higher public subsidies from the City and other sources, both in total and per unit of affordable housing. A higher public subsidy cost per unit translates into less public subsidy resources left to fund those affordable housing units elsewhere in the City competing for the same limited pool of funds. Further, a project on the Property that excludes market-rate units would minimize the amount of ongoing revenue generated to the City (from which to possibly fund the City's Affordable Housing Trust Fund) because it would be exempt from property tax. Finally, staff and the Committee estimate the development schedule could be delayed by the project's dependency on securing large amounts of funds from at least four competitive public funding sources. (For example, the project proforma assumes \$5 million in County boomerang funds when only approximately \$7.5 million may be available per year for all potential projects in Alameda County.)

One concern that has been expressed about the proposals is the separation of market rate and affordable units. However, all three projects separate affordable units from the market-rate units. The UrbanCore/EBALDC project separates the affordable mid-rise from the market-rate tower but includes 18 BMR units scattered throughout the market-rate tower and provides a shared entrance and access to common spaces for all residents. This allows the project to most effectively and efficiently finance and construct the units with the lowest subsidy required. The Bridge/AGI Avant project also separates the affordable units from the market rate units vertically by floor, with the affordable units on floors 4 through 7 only, and also provides shared entrance and access to common spaces for all residents. The SAHA project is in itself a separate affordable housing project as it excludes market-rate units and is not truly mixed-income.

B. Exclusive Negotiating Agreement

Staff recommends City Council direct staff to enter into a 6-month ENA (with an option for a 180-day extension) with UrbanCore/EBALDC. **Attachment C** provides the Schedule of Performance that would be associated with an ENA for UrbanCore/EBALDC.

During the ENA period, the UrbanCore/EBALDC must perform certain activities, including:

- Complete a market feasibility study and marketing strategy.
- Hold at least two public meetings to discuss the development plans.
- Submit conceptual and refined project development schedules and proformas.
- Refine and complete schematic design plans, including plans for public art and open space.
- Complete Project environmental review process pursuant to the CEQA.
- Obtain all necessary planning approvals.
- Obtain letters of intent or commitment for financing from lenders and equity partners.

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- Negotiate the terms and conditions of a Lease Disposition and Development ("LDDA") or Disposition and Development Agreement ("DDA") with the City.

Upon successful completion of all ENA activities and agreement on terms and conditions of a LDDA or DDA, staff will return to the City Council with a recommendation to execute a LDDA or DDA between the City and the UrbanCore/EBALDC team or a related or affiliated entity.

Lease vs. Sale of Property

The City Council adopted a resolution in December 2014 to establish a general policy to lease rather than sell City property (Reso No. 85324 C.M.S.). Staff recommends that an exception to the general policy be made if Council directs staff to proceed with negotiating a development agreement with UrbanCore and EBALDC. The reason is because UrbanCore is reporting to staff that all the potential investors who have expressed strong interest in financing their project as conceived are institutional investors who require ownership as part of their underwriting. UrbanCore is proposing to build the project as condominiums so that they have the option to sell the units when condominiums are valued higher than rental apartments. According to UrbanCore, these investors would be less interested in investing in the project under a ground lease scenario because, as long-term investors, they prefer to avoid the risk of someday losing control of the building in the event a ground lease cannot be extended. Without the strong interest of these potential investors, the project as conceived by UrbanCore may not be financially feasible.

However, a ground lease for the affordable mid-rise component to be owned by EBALDC is possible. Although a 75-year lease would be preferred to allow for the most favorable terms from tax credit investors, UrbanCore and EBALDC are agreeable to a 66-year term, which is the maximum allowed under the Charter.

If after considering the City Administrator's recommendation, Council agrees to sell the Property on the basis that it is necessary to promote the City's economic development and housing goals (as was determined when Council was previously considering a deal with UrbanCore for this Property), then staff will prepare an Ordinance with the required finding that the sale, rather than lease, of the Property is in the best interest of the City, as part of any DDA approval.

FISCAL IMPACT

The proposed legislation does not commit the City to expenditure of any funds. UrbanCore/EBALDC will bear sole responsibility for all costs associated with developing the Project for approval, including consultant fees, permitting fees, legal fees, financing expenses, etc. The ENA requires UrbanCore/EBALDC to make a \$25,000 Project Expense Payment ("PEP") to the City, which is a nonrefundable good faith deposit, to reimburse the City for third-party expenses such as appraisal costs, economic consultant costs and other costs. The \$25,000 PEP from UrbanCore/EBALDC will be appropriated to Miscellaneous Capital Project Fund (5999), Central District Redevelopment (85245), in a new Project to be established.

The eventual disposition and development of the Property would yield one-time sales proceeds to the City, or sixty-six (66) years of lease payment revenues and the eventual return of the

Property to the City, plus ongoing revenue to the City in the form of property tax, sales tax, parking taxes, business license tax, as well as further contributing to the growth of the downtown economy. Note that the ongoing property tax revenue to the City from a 100% affordable project would be minimal due to such units being exempt from property tax. The exact level of fiscal impact is dependent on the size and scope of the approved and built project, as well as the terms of the DDA or LDDA negotiated with the City.

PUBLIC OUTREACH / INTEREST

A Notice for the Property was publicly issued in July 14, 2015. A FAQ sheet on the process was also prepared and shared. The developer presentations at the CED Committee meeting on February 29, 2016 was an opportunity to provide the public with current information on the selection process and an opportunity to view the development teams and the proposals under consideration by the Council.

The planning approval and ENA process for UrbanCore/EBALDC's project will include opportunities for full public review with at least two community meetings and a public hearing before the Planning Commission. All these activities will be requirements in the ENA and are part of the Schedule of Performance. If the City and UrbanCore/EBALDC team successfully complete negotiations and satisfy all ENA requirements, staff will recommend approval of a DDA or LDDA between the City and UrbanCore/EBALDC to the City Council at a public hearing.

COORDINATION

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

SUSTAINABLE OPPORTUNITIES

Economic: UrbanCore/EBALDC's proposed project will transform vacant underutilized land into a high-density residential development that will provide much-needed housing units, a modest amount of neighborhood-serving retail, and further stimulus to the local economy. Development of the site will produce several hundred construction jobs and up to ten permanent jobs. Staff estimates the project will generate to the City \$45 million from property tax and \$21 million from business license tax over 66 years, in addition to other tax benefits from parking tax and sales tax.

Environmental: Development of the site is expected to maximize the potential use of the land while being environmentally-sensitive with its design, use of materials and operations. The proposed high-density development next to a regional transportation hub will likely encourage residents and retail customers to use BART and AC Transit and reduce automobile reliance, which will decrease the use of fossil fuels and resulting greenhouse gas emissions. UrbanCore

will be expected to fund, as a community benefit, the cost to design, construct and provide ongoing maintenance for the adjacent open space parcel owned by the City.

Social Equity: UrbanCore will be expected to provide a minimum of 25 percent of the units at an affordable rent or price, meet the City's local business and employment participation requirements, and enter into project labor agreements.

CEQA

In accordance with CEQA, the City reviewed and analyzed the proposed ENA and has determined, after independent review and consideration, that the proposed authorization of an ENA with any of the three developers is exempt from CEQA review pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt The Following Legislation:

Resolution Authorizing The City Administrator or Designee To Negotiate And Execute An Exclusive Negotiating Agreement With UrbanCore Development, LLC and East Bay Asian Local Development Corporation (Collectively "Developer") For Development Of The 12th Street Remainder Parcel Located At E12th Street and 2nd Avenue.

For questions regarding this report, please contact Patrick Lane, Acting Manager, Project Implementation Division at (510) 238-7362.

Respectfully submitted,



Mark Sawicki
Director, Economic & Workforce Development
Department

Reviewed by: Patrick Lane
Project Implementation Division, Acting
Manager

Prepared by:
Hui-Chang Li, Urban Economic Analyst II
Project Implementation Division

Attachments (3):

Attachment A: Summary of Three Offers

Attachment B: Comparison of Development Schedules

Attachment C: Schedule of Performance for an Exclusive Negotiating Agreement with
UrbanCore/EBALDC

ATTACHMENT A: SUMMARY OF OFFERS

12th Street Remainder Parcel

Updated: March 2, 2016

	UrbanCore & EBALDC			Bridge & AGI Avant			SAHA	
66-Year Lease?	75-Year Term minimum preferred for favorable terms on tax credits on affordable component			66-Year Term			75-Year Term minimum preferred for favorable terms on tax credits	
Net Upfront Payment Amount to City	\$4.7 Million (of which, \$300K could go to Community Benefits)			\$ 4 Million			\$1 Million	
Density (assumes 1.5 occupants per bedroom)	864			851			404	
Unit Mix	(#affordable)			(#affordable)				
Studio	89	(29)	25%	52	(14)	14%	6	5%
1-Bedroom	97	(35)	27%	152	(43)	42%	31	23%
2-Bedroom	136	(32)	38%	117	(30)	32%	56	42%
3-bedroom	34	(12)	9%	43	(17)	12%	40	30%
4-bedroom	4	(0)	1%	0	(0)	0%	0	0%
Total Units	360	(108)	100%	364	(104)	100%	133	100%
Affordable Housing								
30 to 50% of AMI	30		28%	16		15%	106	80%
60% of AMI	60		56%	76		73%	8	6%
80 to 100% of AMI	12		11%	6		6%	18	14%
120% of AMI	6		6%	6		6%	0	0%
Total Affordable Units	108		100%	104		100%	132	100%
City Subsidy Total / Per Affordable Unit (Assumes \$5.1M land value)	\$400,000	\$3,704		\$1,100,000	\$10,577		\$4,100,000	\$31,061
Other Public Subsidy Total/ Per Affordable Unit	Option 1: \$13,680,000	\$126,667						
	Option 2: \$6,580,000	\$60,926		\$9,200,000	\$88,462		\$ 26,876,141	\$203,607
Amount / Percent of Construction Contract Paid as Prevailing Wage	Option 1: \$144,704,984	100%						
	Option 2: \$99,715,743	78%		\$150,006,250	100%		\$41,962,593	100%
Shared Access to all residents to 100% of the building's common spaces?	Yes			Yes			Yes	
Property Tax to City (assumes hard cost of market rate + \$5.1M land cost * 1% tax rate * 29% to City)	\$353,982	in Year 1		\$365,616	in Year 1		\$20,393	in Year 1
	\$45,324,333	66 Year total assuming 2% escalation		\$46,813,254	66 Year total assuming 2% escalation		\$2,684,291	66 Year total assuming 2% escalation
Business License Tax (assumes gross rents * 0.01395)	\$167,067	in Year 1		\$159,291	in Year 1		\$92	in Year 1
	\$21,313,523	66 Year total assuming 2% escalation		\$20,321,501	66 Year total assuming 2% escalation		\$12,005	66 Year total assuming 2% escalation

ATTACHMENT B: DEVELOPMENT SCHEDULE - COMPARISON

12th Street Remainder Parcel

Updated: February 16, 2016

Task	UrbanCore & EBALDC	Bridge & AGI Avant	SAHA
1 City Council Approval of ENA	Marc h 15, 2016	Marc h 15, 2016	Marc h 15, 2016
2 Developer Sponsored Community Meeting # 1	March 2016	tbd	tbd
3 Complete CEQA Analysis	April 2016	September 2016	August 2016
4 Revise/Complete and Submit Entitlement Drawings to Planning	April 2016	September 2016	August 2016
5 *Design Review Committee	April - June 2016	Sept - December 2016	Aug - December 2016
6 *Planning Commission approval	April - June 2016	Sept - December 2016	Aug - December 2016
7 *CEQA Clearance	April - June 2016	Sept - December 2016	Aug - December 2016
8 Updated appraisal of property	April 2016	January 2017	January 2017
9 City Council Approval of DDA	May - June 2016	February 2017	February 2017
10 Developer finalizes Joint Venture Partnership for financing and equity	May 2016	n/a	n/a
11 Developer Sponsored Community Meeting #2	May 2016	tbd	tbd
12 Apply for AHSC Cap & Trade Funds	March - June 2016	March - June 2017	March - June 2017
13 Developer Sponsored Community Meeting # 3	July/August 2016	tbd	tbd
14 Complete Design Development	September 2016	tbd	tbd
15 Secure all Funding and Financing, including tax credits and bonds	October 2016	October 2017	October 2017 or 2018*
16 Submit Site Permit Drawings to City Building Dept	November 2016	August 2017	September 2017
17 Completion of 50% Construction Documents for GMP	December 2016	tbd	tbd
18 Obtain Site & Grading Permit / Building Permit	January 2017	December 2017	January 2018
19 Completion of GMP Contract	February 2017	tbd	tbd
20 Close Financing & Equity Investment	March 2017	tbd	tbd
21 Developer Closes on Acquisition of City Land	March 2017	tbd	tbd
22 Start Construction	April 2017	January 2018	Feb 2018 or Feb 2019*
23 Begin Marketing/Lease-Up Program	October 2018	tbd	tbd
24 Complete Construction	March 2019	December 2019	Aug 2019 or Aug 2020*

* SAHA assumes all public subsidy funds are secured in one round - e.g. County Boomerang. If this does not happen, then construction start/end could be delayed a year.


ATTACHMENT C: EXCLUSIVE NEGOTIATING AGREEMENT - SCHEDULE OF PERFORMANCE

		Developer:	UrbanCore & EBALDC
		Negotiation Period:	6 months with 180-day extension option
		Project Expense Payment:	\$25,000
ENA SCHEDULE OF PERFORMANCE (assuming March 15, 2016 ENA approval)			
1	CEQA & PERMITS	City provides all existing environmental, geological, engineering and other reports about Property's condition	N/A
2	DESIGN	Developer retains design team to prepare concept plans	March 16, 2016
3	CEQA & PERMITS	Developer retains environmental consultants to prepare documents for CEQA review of Project. Developer's CEQA consultant shall compare proposed development project with the development program assumed for the Lake Merritt Station Area Plan.	March 16, 2016
4	CEQA & PERMITS	Based on the specific CEQA approach for the project, Developer's CEQA consultant shall prepare a draft scope of work, based upon the City's "Guidelines for Environmental Consultant Contracts Concerning Private Development Projects" (dated 1/5/12), for City review and approval, that analyzes the specific environmental topics and type of CEQA document that is required to complete CEQA clearance – Initial Study, Addendum and/or Supplemental EIR.	March 16, 2016
5	CEQA & PERMITS	Submit Project Description for environmental review purposes to City	March 2016
6	CEQA & PERMITS	Developer's CEQA consultant shall review the Lake Merritt Station Area Plan Environmental Impact Report (DEIR) to determine if it is adequate for CEQA clearance of the proposed development project, any additional work that may be required, and if there is anything unique about the project and/or its location. Developer shall meet with the City to discuss the proposed CEQA approach.	March 2016
7	DESIGN	First public meeting on proposed development plan	March 2016
8	CEQA & PERMITS	Submit applicable zoning and land use permit pre-applications and a schedule of approvals.	March 2016
9	DDA	City submits final appraisal report	April 2016
10	PROJECT TEAM	Balance sheets and income/loss statements for last 2 years(2014, 2015) for Development Team; including Developer's expanded team	April 2016
11	PROJECT TEAM	Developer's LLC status	April 2016
12	PROJECT TEAM	Development team's experience including: architect, structural engineers, general contractors, marketing & real estate firm	April 2016
13	PROJECT TEAM	Development team's litigation status	April 2016
14	FINANCING	Proformas: budget, sources & uses of funds, 10-yr cash flow, operating budget	April 2016
15	FINANCING	Project development schedule	April 2016
16	FINANCING	List of lenders and investors approached	April 2016
17	DESIGN	Schematic Design Plans, plan for public art, and list of public improvements, including adjacent park	April 2016
18	CEQA & PERMITS	Submit applicable zoning and land use permit applications and a schedule of approvals.	April 2016
19	CEQA & PERMITS	If supplemental/subsequent EIR is required, Developer's CEQA consultant shall cause the issuance of a NOP subject to City review and approval	April 2016
20	CEQA & PERMITS	If Addendum and/or other non-EIR CEQA document is required, submit an administrative draft of the CEQA document	April 2016
21	FINANCING	UPDATED & REFINED: Project development schedule	April 2016
22	FINANCING	UPDATED & REFINED: Proformas: budget, sources & uses of funds, 10-yr cash flow, operating budget	April 2016
23	DESIGN	Second public meeting on proposed development plan	May 2016
24	FINANCING	LOIs from lenders and equity partners to finance project	May 2016
25	MARKET STUDY	Complete market feasibility study	May 2016
26	MARKET STUDY	Complete marketing strategy	May 2016
27	CEQA & PERMITS	Complete CEQA review. Developer: Complete environmental assessment, ID site mitigations. City: complete enviro review, file Notice of Determination.	May 2016
28	PROJECT TEAM	Description of financial and legal structure of the Development Team, including partnership agreements, joint venture agreements, etc.	May 2016
29	DDA	Complete DDA Negotiations	May 2016
30	DESIGN	Third public meeting on proposed development plan	August 2016
31	CEQA & PERMITS	Obtain all necessary planning approvals. The approval process will include public hearings with the Planning Commission, Design Review Committee)	June 2016

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2016 MAR -3 PM 5:10

Approved as to Form and Legality:


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND EXECUTE AN EXCLUSIVE NEGOTIATING AGREEMENT WITH URBANCORE DEVELOPMENT, LLC AND EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION (COLLECTIVELY "DEVELOPER") FOR DEVELOPMENT OF THE 12TH STREET REMAINDER PARCEL LOCATED AT E12TH STREET AND 2ND AVENUE

WHEREAS, the City of Oakland ("City") owns approximately 0.925 acres of vacant property identified as Assessor Parcel Number 19-27-14, commonly known as the 12th Street Remainder Parcel, bounded by East 12th Street on the east, Second Avenue and property owned by the Oakland Unified School District on the south, newly created open space to the west, and Lake Merritt Boulevard to the north (the "Property"); and

WHEREAS, the Property was previously public right-of-way for that portion of E. 12th Street situated between 1st and 2nd Avenue; and

WHEREAS, on July 14, 2015, the City issued a Notice of Offer and Intent to Convey the Property ("Notice") to potential developers; and

WHEREAS, the City received five (5) responses to the Notice; and

WHEREAS, the City thereafter entered into good faith negotiations regarding price and terms with the responding entities for a period of not less than 90 days; and

WHEREAS, the City formed an evaluation committee to review the proposals, and the committee elected to conduct interviews with three (3) of the teams for the purpose of selecting a development team to recommend to the City Council to enter into an Exclusive Negotiating Agreement ("ENA") with the City for development of the Property; and

WHEREAS, in response to the Notice, UrbanCore Development, LLC, and the East Bay Asian Local Development Corporation (collectively, "Developer") submitted a proposal to develop a mixed-use project on the Property consisting of a 26-story high-rise with approximately 360 residential units

(with at least 25% of the units to be affordable to lower income households for a period of at least 55 years, and additional units to be affordable to moderate income households), approximately 5,000 square feet of ground floor retail and/or community space, and approximately 248 parking spaces (the "Project"); and

WHEREAS, Developer proposes to acquire, by sale or long term lease, the Property from the City for development of the Project; and

WHEREAS, Oakland Municipal Code Section 2.42.170 sets forth the following factors, in addition to price, that the City may consider in evaluating development proposals on City-owned property:

1. The value of the proposed use of the real property to the community and the City as a whole,
2. The compatibility of the proposed development and use with current zoning and community plans applicable to the real property,
3. The compatibility of the proposed development and use with the character of the surrounding neighborhood,
4. The experience, capacity and financial resources of the proposed developer,
5. The quality of the project design,
6. The environmental sustainability of the proposed development,
7. Community and public objectives achieved by the proposed development, such as creating jobs, expanding the tax base, providing other fiscal benefits, providing needed commercial or social services, providing or improving needed infrastructure, improving or preserving the stock of housing affordable to low and moderate income households, eliminating physical or economic blight, and contributing to the economic vitality of the neighborhood, and
8. Other factors, as the City Administrator deems applicable; and

WHEREAS, the City has considered these factors in evaluating the development proposals submitted in response to the Notice; and

WHEREAS, based on its consideration of the factors described above and the analysis set forth in the staff report, the City Council desires to select Developer as the prospective developer for the Property and Developer desires to dedicate time for the preliminary study and exclusive negotiations over the proposed Project, with the understanding that such study and negotiation does not constitute a binding commitment on the part of the City to any project or developer for the Property; now, therefore, be it

RESOLVED: That the City Administrator or her designee is authorized to negotiate and enter into an Exclusive Negotiating Agreement ("ENA") with Developer, or a related or affiliated entity, for the purposes of developing a project proposal for City review and approval, conducting California Environmental Quality Act ("CEQA") review and approval, and negotiating the terms and conditions of a Lease Disposition and Development Agreement or Disposition and Development Agreement for disposition and development of the Property ; and be it

FURTHER RESOLVED: That the initial exclusive negotiating period will be for six months from the date of this Resolution, with the option by the City Administrator in her sole discretion to extend said period by an additional six months; and be it

FURTHER RESOLVED: That the City shall require payment of a \$25,000 Project Expense Payment by Developer for purposes of reimbursing City for its staff costs and third party expenses; and be it

FURTHER RESOLVED: That the \$25,000 nonrefundable Project Expense Payment from Developer will be appropriated to Miscellaneous Capital Project Fund (5999), Central District Redevelopment (85245), in a new project to be established; and be it

FURTHER RESOLVED: That the ENA 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 finds and determines, after independent review and consideration, that this action complies with CEQA because it is exempt from CEQA pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the City Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

FURTHER RESOLVED: That the City Administrator is further authorized to negotiate and enter into agreements and take whatever action is necessary with respect to the ENA 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