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OFFICE OF THE CITY CLERK  
OAKLAND

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# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Mark Sawicki  
Director, EWD

**SUBJECT:** 12<sup>th</sup> Street Remainder DDA  
Amendment

**DATE:** November 27, 2018

City Administrator Approval

Date:

*11/29/18*

## RECOMMENDATION

**Staff Recommends That The City Council Adopt An Ordinance To Amend Ordinance 13382 C.M.S. To Authorize A First Amendment To The Disposition and Development Agreement Between The City Of Oakland And The Development Team Composed of LakeHouse Commons, LLC And LakeHouse Commons Affordable Housing, LP To (1) Extend The Closing Date And Related Outstanding Performance Benchmarks And (2) Increase City Seller Financing To Include Fifty Percent Of The Land Sales Price Attributable To The Market Rate Project.**

## EXECUTIVE SUMMARY

Staff seeks City Council authorization to amend the Disposition and Development Agreement ("DDA") with the development team made up of LakeHouse Commons, LLC ("Market Rate Developer") and LakeHouse Commons Affordable Housing LP ("Affordable Developer"), an affiliate of East Bay Asian Local Development Corporation ("EBALDC") for the sale of the "12th Street Remainder Parcel", a 0.92 acre parcel of vacant land located between E12th Street and 2nd Avenue (the "Property") near Lake Merritt for development of a mixed-income residential project. Market Rate Developer and Affordable Developer are collectively referred to as the "Development Team".

Specifically, staff is seeking Council authorization to grant Development Team's request to amend the DDA to: (1) extend the project schedule by nine (9) months, by moving the Closing Date from February 2019 to November 2019; and (2) provide seller financing for 50 percent or \$2,350,000 of the \$4,700,000 Property purchase price in the form of a promissory note (the "Note"). The Note will bear simple deferred interest at a rate of 5.75% (or 1% above the permanent loan rate) per year for a term of 60 months. All outstanding interest and principal will be repaid at the end of the loan term.

Since the Development Team will not be able to meet the February 2019 closing date set out in the DDA, staff recommends that the City Council adopt legislation prior to this "drop dead"

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closing/land transfer date to extend the Project Schedule by nine months, and particularly the February 15, 2019 closing date to avoid automatic termination of the DDA on February 15, 2019.

## **BACKGROUND / LEGISLATIVE HISTORY**

The DDA for this City-owned land was executed on February 15, 2017 (Ordinance No. 13382 C.M.S.). On October 13, 2017, the obligations for the market-rate development were assigned to a new entity, LakeHouse Commons, LLC, which is comprised of UrbanCore Development, LLC ("UrbanCore") and its capital partner, National Real Estate Advisors, LLC ("NREA") (Resolution No. 86849 C.M.S.). LakeHouse Commons Affordable Housing LP, the Affordable Developer related to EBALDC, retained its DDA obligations for the Affordable Project.

The project (named "LakeHouse Commons" or the "Project") approved under the DDA consists of 360 residential units, of which 108 (30 percent of the total) will be below market/rent-restricted ("affordable"). LakeHouse Commons will include two buildings ("LakeHouse North" and "LakeHouse South") sharing a common entrance, a podium garage and other amenities. LakeHouse North is the market-rate tower consisting of 270 units, 18 of which are affordable to moderate-income households from 80 percent to 120 percent of the area median income ("AMI"). LakeHouse South is the affordable mid-rise building consisting of 90 units affordable to low-income households. Although there are two buildings and two developers with two separate sources of financing, both the market-rate and affordable components of the Project will be bid out together and built under one construction contract.

The \$18 million Affordable Housing and Sustainable Communities ("AHSC") award that LakeHouse South received in 2016 originally required a construction start date of November 2018, two years from the contract award. Because other Affordable Housing Developments are facing the same construction start delays related to rising construction costs in the Bay Area, the California Strategic Growth Council recently granted a blanket two-year extension to all "Round 2" awardees, which includes LakeHouse South. The new AHSC requirement to start construction is November 2020.

The Development Team estimates that to date, it has spent over \$10 million on predevelopment costs. In the last year, the Development Team has made significant progress toward starting construction. Currently, they have completed 50% Construction Drawings ("CDs") and are seeking construction bids due mid-November for a six-month Guaranteed Maximum Price contract ("GMP"). Assuming the GMP is within the budgeted sum, the Development Team can move forward with submitting building permit applications in December, which would put the Project on target to receive building permits in May 2019.

However, a December permit submittal still causes the Development Team to be four months behind schedule, as this submittal was due on August 15, 2018. Because the City requires up to six months from submission to issue building permits, staff estimates that the Development Team's late submittal means they will not be ready for closing the sale of the Property on February 15, 2019 or to commence construction on March 15, 2019. In addition, if the GMP

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bids are not consistent with the budget, the Development Team will be further delayed as they review the design and reduce costs.

## **ANALYSIS AND POLICY ALTERNATIVES**

### ***Nine-Month Extension***

**Attachment A** shows the current DDA Project Schedule, the tasks that have been completed to-date, past-due dates, and the revised due dates if the Development Team's requested nine-month extension is granted.

While the Development Team continues to spend money moving toward a May/June 2019 closing with a construction start immediately thereafter, due to the factors described in this report, staff is recommending an extension until November 2019. Because the current building construction industry is at full employment, subcontractor pricing is experiencing unprecedented cost increases. Construction costs have risen approximately 20% since the Development Team's pricing efforts began in 2016. The Affordable Project hard cost estimate is now \$38 million (up from an original \$30 million); the Market Rate Project hard cost estimate is \$144 million (up from an original \$123 million) for total projected hard costs of \$182 million (up from the original total cost of \$153 million). If the Development Team is unable to secure a GMP at an amount within the budget, they will need additional time to "value engineer" the project and revise the construction drawings.

Due to these increased costs, the Affordable Developer needs time to seek funds from additional sources, such as County A1, State National Housing Trust Fund ("NHTF") and Section 8 vouchers, to close a projected \$7.5 million financing gap. Pursuing such additional funds involves long application timelines not controllable by the Affordable Developer. For instance, the Affordable Developer applied for State NHTF in August and will receive notification of award in December. It also applied for County A1 in November and will receive notification in January 2019. Low Income Housing Tax Credits will be applied for in January with an expected allocation in March 2019.

Also, to compensate for increased construction costs, the Market Rate Developer needs more time to apply for a HUD FHA-220d4 loan, which offers better financing terms. The Market Rate Developer has submitted a pre-application to HUD and is expecting to be invited to submit a final application in December to work towards a April/May 2019 Closing.

Despite solid progress toward construction by the Development Team, meeting the DDA's required February 2019 Closing has become infeasible and the earliest possible Closing appears to be May 2019. Unless the City extends the February 15, 2019 "drop dead" date for Closing, the DDA will automatically terminate. Once the City is out of contract, the rights and obligations of the parties in the DDA end. All work toward disposition and development of the Property since the City selected this Development Team and Project in 2015 will be at risk of being lost or further delayed. The expiration of this DDA and possible loss of this project includes loss of each of the following: construction of a 360-unit residential project with 30% at below market rate rents, a Project Labor Agreement ("PLA"), 729 construction jobs provided

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under a PLA, over \$600,000 in ongoing annual tax revenue to the City, and \$4.7 million in land sale proceeds. If the City does not act prior to expiration of the DDA, it may have to issue another developer solicitation and negotiate another DDA with this Development Team or another one for eventual sale and development of this Property.

### ***Deferred City Land Note***

The Market Rate Developer is requesting the DDA be amended to revise the terms of payment for the land. Currently, the DDA requires that \$4.7 million of the land's appraised fair market value of \$8.0 million to be paid by the Market Rate Developer at the time of closing; and that the remaining \$3.3 million of the \$8.0 million purchase price to be financed through a City seller carryback loan to the Affordable Developer. The Market Rate Developer is now requesting to pay half the land price at the time of closing and that the City provide a seller carryback loan for the remaining half, \$2.35 million, for a term of 60 months following closing, at a market-rate interest rate of 5.75% (or 1% above the permanent loan rate), to be paid in full at the end of the 60-month term.

To determine if this request was financially necessary and justified, staff reviewed the proforma financial models for the Market Rate Project, with the help of economic consultant Century Urban, and focused on the Project's rents, costs, and returns.

The review found that while projected rents and projected costs are on the high end relative to other similar projects in today's market place, they are feasible given the high costs of labor and materials and the demand for contractors at this point in the market cycle. Similarly, while developers earlier in the cycle have achieved a higher return-on-cost and internal rates of return on new development, the returns associated with the financial models of LakeHouse Commons North are still reasonable market returns. However, Century Urban notes that interest rates are anticipated to increase in the next year and may affect future costs of capital and required returns on development. In addition, if apartment rents are below the proforma projections, and/or hard costs continue to escalate and are higher than presently underwritten, this may impact the economic feasibility of the Project.

Given that the higher development costs resulting from the City's requirement of a full PLA is significant, granting the Development Team's request for a deferred land note may help preserve the economic feasibility of the Project, especially in the event that there are material deviations from the current underwriting assumptions and corresponding return metrics.

At a 5.75% interest rate, the City would earn approximately \$675,625 in interest on a \$2.35 million land Note. The interest would accrue and be paid at the end of the term, along with the principal. The City Note would be secured by a deed of trust on the Property subordinate to Project Financing by HUD and require full repayment no more than 60 months after closing. While there are risks with providing this seller financing, as it will be subordinated to the primary loan, there are several protections staff has negotiated to mitigate the risks. First, NREA will execute a payment guaranty for the Note. This guaranty would be backed by their overall financial wherewithal as well as their INDURE fund specifically. Staff will reconfirm NREA's financial stability prior to the execution of the Note. Second, the City Note will be paid in full before the capital partners are permitted to take out their equity in the Project. Finally, the City

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Note will also be paid well in advance of the primary loan being advanced by HUD, as that loan is a combination of both construction and permanent financing.

### **FISCAL IMPACT**

The sale of the Property will yield \$4.7 million in land sales proceeds which will be deposited into the City's General Purpose Fund (1010), Real Estate Services Organization (85231), Sale of Land (48111), Non-Project (1000019), Real Estate Program (PS32). Because the revenue was anticipated for FY 2018-19, expenses were booked against the anticipated revenue. It is too early in FY 2018-19 to know if there is any replacement revenue to cover the hole if this sale does not proceed.

If the proposed legislation is adopted, then the land sale proceeds will be received in two installments: the first \$2.35 million will be paid in cash in FY 2019-20 upon sale of the Property, and the other half will be paid five years after closing (or in FY 2024-25) and the City will earn approximately \$675,625 in interest payments for this \$2.35 million land Note with 5.75% interest. At the time of land transfer of property when the first installment of the land sale payment is received, the City Administrator will appropriate \$300,000 of the land sale proceeds to fund a Community Benefits Program consistent with terms defined in Ordinance 13382 C.M.S.

### **PUBLIC OUTREACH / INTEREST**

All public outreach requirements for this Project by the Bureau of Planning and in the initial Exclusive Negotiating Agreement were followed.

### **COORDINATION**

Staff coordinated on this agenda item with the City Council District 2 Office, Finance Department, the City Administrator's Office, the Office of the City Attorney, and the Controller's Bureau.

### **SUSTAINABLE OPPORTUNITIES**

**Economic:** The 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 tens of 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. In addition to the upfront land sale proceeds, the sale of this Property at \$8 million will generate \$120,000 in City transfer taxes.

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**Environmental:** The proposed Project 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. The Market Rate Developer will 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:** The Project will provide 30 percent of the units at an affordable rent to low- and moderate-income households, comply with the City's local business and employment participation requirements, and the Development Team will enter into a PLA. At the time of land transfer of property when the first installment of the land sale payment is received, the City Administrator will appropriate \$300,000 of the land sale proceeds to fund a Community Benefits Program consistent with terms defined in Ordinance No. 13382 C.M.S.

### **CEQA**

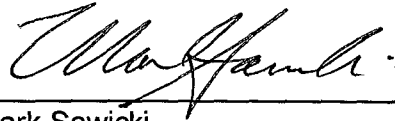
A project-specific CEQA analysis was completed May 27, 2016 and concluded that the Project qualifies for two separate CEQA statutory exemptions and that the Lake Merritt Station Area Plan Environmental Impact Report adequately addressed the potential environmental effects of the Project. The Project and CEQA determination was considered at the Planning Commission meeting on June 15, 2016 and approved, and the City Council, in approving Ordinance No. 13382 C.M.S., adopted CEQA exemptions (15183 and 15183.3) and, relying on the previously certified 2014 Lake Merritt Station Area Plan EIR and an Addendum thereto, determined that no further environmental review is required for sale of the Property and development of the Project.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff recommends that the City Council adopt an Ordinance to amend Ordinance 13382 C.M.S. to authorize the first amendment to the Disposition and Development Agreement between the City of Oakland and the development team composed of LakeHouse Commons, LLC and LakeHouse Commons Affordable Housing, LP to (1) extend the closing date and related outstanding performance benchmarks and (2) increase City seller financing to include fifty percent of the land sales price attributable to the Market Rate Project.

For questions regarding this report, please contact Hui-Chang Li at (510) 238-6239.

Respectfully submitted,



Mark Sawicki  
Director, Economic & Workforce Development  
Department

Reviewed by: Patrick Lane, Manager  
Public Private Development Division

Prepared by:  
Hui-Chang Li, Urban Economic Analyst IV  
Public Private Development Division

Attachments (1):  
A – Project Schedule (with Requested Extension Dates)

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**ATTACHMENT A**  
**(12th Street Remainder)**  
**Project Schedule**

<b>TASK</b>	<b>DURATION</b>	<b>Original Due Date, based on Feb 15, 2017 DDA Effective Date</b>	<b>Status or <i>NEW Extended Due Date Requested</i></b>
1. Effective Date	February 15, 2017	February 15, 2017	N/A
2. Developers submit Schematic Designs (35%) [Section 2.1.5]	5 months following Effective Date	July 15, 2017	Completed - on time
3. Environmental Contingency Deadline	July 31, 2017	July 31, 2017	Completed - on time
4. Developers submit Financial Statements including evidence satisfactory to the City that Developers have sufficient funds to complete the predevelopment tasks [Section 2.1.2]	6 months following Effective Date (1-month extension request allowed)	August 15, 2017	Completed - on time
5. Developers submit preliminary Financial Plan, including preliminary Project Development Budget (include a minimum 10% contingency in Preliminary Project Development Budget) [Section 2.1.3]	6 months following Effective Date (1-month extension request allowed)	August 15, 2017	Completed - on time
6. Developers identify Guarantors [Section 2.1.9]	100 days prior to Close of Escrow, but not later than June 30, 2018.	June 30, 2018	Completed - on time
7. Developers submit Design Development Plans (65%) [Section 2.1.6]	10 months following Effective Date	Dec 15, 2017	Completed - on time
8. Developers submit subdivision documentation, including Subdivision Instruments for City review and approval [Section 2.1.11]	March 31, 2017	March 31, 2017	Completed - on time

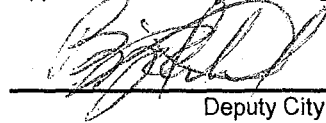


TASK	DURATION	Original Due Date, based on Feb 15, 2017 DDA Effective Date	Status or <i>NEW Extended Due Date Requested</i>
9. Developers secure City Approval of Subdivision Instruments [Section 2.1.11]	30 days before closing	Jan 15, 2019	<i>May 31, 2019 (+3.5 months)</i>
10. Developers secure Affordable Housing & Sustainable Communities funding secured or other gap funding sources necessary for affordable building	30 days before closing	Jan 15, 2019	<i>April 30, 2019 – additional time to secure gap funding (+ 2.5 months)</i>
11. Developers Submit Executed Guaranties	Prior or concurrent with Closing	Feb 15, 2019	<i>November 15, 2019 (+ 9 months)</i>
12. Developers submit form of Project Labor Agreement for prior review and approval by City [Section 2.1.13]	17 months following Effective Date	July 15, 2018	Completed
13. Developers submit executed Project Labor Agreement [Section 2.1.13]	30 days before closing	Jan 15, 2019	<i>November 30, 2018 (- 1.5 months)</i>
14. Developers submit Construction Documents (90%)	17 months following Effective Date	July 15, 2018 <b>Past Due</b> Completed: 50% CDs	<i>January 31, 2019: 90% CDs (+5.5 months)</i>
15. Developers submit Final Construction Plans, including public art plan [Section 2.1.7.3]	18 months following Effective Date	August 15, 2018 <b>Past Due</b>	<i>March 31, 2019 (+6.5 months)</i>
16. Developers submit complete applications for building permits to City building official	18 months following Effective Date (allows 5 months for Permit Approval – see item 21 below)	August 15, 2018 <b>Past Due</b>	<i>November 30, 2019 (+3.5 months)</i>

TASK	DURATION	Original Due Date, based on Feb 15, 2017 DDA Effective Date	Status or <i>NEW</i> Extended Due Date Requested
17. Developers submit Final Financial Plan (include a minimum 5% contingency on top of the GMP that already includes a 10% retainage and 2% hard cost contingency) [Section 2.1.3]	21 months following Effective Date	November 15, 2018 <b>Past Due</b>	<i>March 31, 2019 to May 31, 2019</i>  <i>(+4.5 to 6.5 months)</i>
18. Developers submit form Financing Documents [Section 2.1.4]	17 months following Effective Date	July 15, 2018 <b>Past Due</b>	<i>March 31, 2019 to June 30, 2019</i>  <i>(+8.5 to 11.5 months)</i>
19. Developers submit form Construction Contracts [Section 2.1.8]	17 months following Effective Date	July 15, 2018 <b>Past Due</b>	<i>March 31, 2019 to July 15, 2019—</i> <i>additional time needed to secure HUD financing or equivalent</i>  <i>(+8.5 to 12 months)</i>
20. Developer submit final Project Financing Documents [Section 2.1.4]	21 months following Effective Date	November 15, 2018 <b>Past Due</b>	<i>May 15, 2019 to August 31, 2019</i>  <i>(+6 to 9.5 months)</i>
21. Developers submit, all necessary Governmental Approvals, including approved Building Permits, as well as final drafts of Construction Contracts, detailed cost breakdown, construction schedules and construction cashflow, updated Financial Statements and updated Financial Plan [Sections 2.1.1, 2.1.2, 2.1.3 and 2.1.8]	23 months following Effective Date	January 15, 2019	<i>June 1, 2019 to October 31, 2019</i>  <i>(+5.5 to 9.5 months)</i>

TASK	DURATION	Original Due Date, based on Feb 15, 2017 DDA Effective Date	Status or <i>NEW</i> Extended Due Date Requested
22. Conveyance/Close of Escrow [Section 3.5]	Within 30 days following City approval of all Developer Submissions and Developers' satisfaction of all other items necessary to Commence Construction, but in any event no later than 24 Months Following Effective Date	February 15, 2019	<i>June 15, 2019 to November 15, 2019</i> <i>(+4 to 9 months)</i>
23. Commence Construction [Section 6.1]	Within 30 days after close of escrow but no later than March 15, 2019	March 15, 2019	<i>July 15, 2019 to December 15, 2019</i> <i>(+4 to 9 months)</i>
24. Complete Construction (Affordable Housing Development and Market Rate Housing Development) [Section 6.5]	Within 24 months after construction commencement (one 6-month extension request allowed)	March 15, 2021, or if 6-month extension granted: Sept 15, 2021	<i>July 15, 2021 - December 15, 2021</i> <i>(+4 to 9 months)</i> or if 6-month extension granted: <i>January 15, 2022– June 15, 2022</i> <i>(+4 to 9 months)</i>

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Deputy City Attorney

# OAKLAND CITY COUNCIL

ORDINANCE No. \_\_\_\_\_ C.M.S.

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**AN ORDINANCE TO AMEND ORDINANCE 13382 C.M.S. TO AUTHORIZE A FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY OF OAKLAND AND THE DEVELOPMENT TEAM COMPOSED OF LAKEHOUSE COMMONS, LLC AND LAKEHOUSE COMMONS AFFORDABLE HOUSING, LP TO (1) EXTEND THE CLOSING DATE AND RELATED OUTSTANDING PERFORMANCE BENCHMARKS AND (2) INCREASE CITY SELLER FINANCING TO INCLUDE FIFTY PERCENT OF THE LAND SALES PRICE ATTRIBUTABLE TO THE MARKET RATE PROJECT.**

**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 City Council adopted Ordinance 13382 C.M.S. approving the terms of a Disposition and Development Agreement (the “DDA”) with UrbanCore Development, LLC (“UrbanCore”) and Lakehouse Commons Affordable Housing LP (the “Partnership”), an affiliate of East Bay Asian Local Development Corporation (“EBALDC”), for sale of the Property and the construction thereon of a mixed-use residential project (the “Project”) as further described in the term sheet attached to such Ordinance (the “Term Sheet”); and

**WHEREAS**, the Project described in the DDA is commonly known as “LakeHouse Commons” and will consist of 361 residential units in two buildings (i.e., “LakeHouse North” and “LakeHouse South”) sharing a common entrance and garage, with 30% (or 108) of the total units below-market/rent-restricted; and

**WHEREAS**, the City Administrator executed the DDA with UrbanCore and the Partnership as of February 15, 2017; and

**WHEREAS**, on July 18, 2017, the City Council adopted Resolution 86849 C.M.S. authorizing the assignment of UrbanCore’s DDA obligations for the market-rate development to LakeHouse Commons, LLC, which is comprised of UrbanCore and its capital partner NREA (“Market Rate Developer”); and

**WHEREAS**, Market Rate Developer and the Partnership are now seeking amendments to the DDA to: (1) extend the closing date and related outstanding performance benchmarks and (2) increase City seller financing to include fifty percent of the land sales price (or no more than \$2.35 million) attributable to the Market Rate Project for a term of up to 60 months following closing, at a market-rate interest rate of 5.75% (or 1% above the permanent loan rate), with principal and accrued interest to be paid in full at the end of the 60-month term or before ("First Amendment"); and

**WHEREAS**, staff's review of Project's current status and the financial proforma models of Market Rate Developer indicate these two amendments are justified and necessary to keep Project moving forward to produce 361 homes, including 108 at below market rents, a Project Labor Agreement, 729 construction jobs provided under a PLA, over \$600,000 in ongoing annual tax revenue to the City, and \$4.7 million in land sale proceeds; and

**WHEREAS**, Section 12.22 of the DDA provides any amendments to the DDA must be in writing, approved as to form and legality by the City Attorney of Oakland, and must be executed by both the City and the Developers; and

**WHEREAS**, the City Council desires to permit this First Amendment to the DDA by adoption of this Ordinance; now, therefore

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

**SECTION 1.** The City Council hereby authorizes the City Administrator to execute the the First Amendment to the DDA between the City of Oakland and the development team composed of LakeHouse Commons, LLC and LakeHouse Commons Affordable Housing, LP to: (1) extend the closing date and related outstanding performance benchmarks, as shown in Exhibit A to this agenda report; and upon receipt of half the land sale price at close of escrow, the City shall (2) provide seller financing on half the land sales price (or no more than \$2.35 million) for a term of up to 60 months following closing, at a market-rate interest rate of 5.75% (or 1% above the permanent loan rate), with principal and accrued interest to be paid in full at the end of the 60-month term or before and (3) execute a payment guaranty for this City Loan with NREA or its affiliate.

**SECTION 2:** The City Council authorizes the City Administrator to deposit land sales proceeds in the amount of \$4.7 million to be received in two installments (1<sup>st</sup> installment will be \$2.35 million and 2<sup>nd</sup> installment will be \$2.35 million) and interest payments related to the second installment estimated to be \$675,625, into the General Purpose Fund (1010), Real Estate Services Organization (85231), Sale of Land (48111), Non-Project (1000019), Real Estate Program (PS32).

**SECTION 3:** The City Council authorizes the City Administrator to appropriate \$300,000 of the land sale proceeds received at time of land transfer for the purposes of funding a Community Benefits Program consistent with the terms defined in Ordinance 13382 C.M.S. into the General Purpose Fund (1010); Project Implementation Organization (85221) to be transferred to other City organizations/departments as appropriate to administer Community Benefits Program components; Contract Contingencies Account (54011); Project(s) to-be-determined.

**SECTION 4:** That the City Administrator or his or her designee is further authorized to negotiate and enter into other agreements and take whatever action is necessary consistent with this Ordinance and its basic purposes.

**SECTION 5.** This Ordinance shall be in full force and effect immediately upon its passage 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, \_\_\_\_\_, 2018

**PASSED BY THE FOLLOWING VOTE:**

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

NOES -

ABSENT -

ABSTENTION -

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

**AN ORDINANCE TO AMEND ORDINANCE 13382 C.M.S. TO AUTHORIZE A FIRST AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT BETWEEN THE CITY OF OAKLAND AND THE DEVELOPMENT TEAM COMPOSED OF LAKEHOUSE COMMONS, LLC AND LAKEHOUSE COMMONS AFFORDABLE HOUSING, LP TO (1) EXTEND THE CLOSING DATE AND RELATED OUTSTANDING PERFORMANCE BENCHMARKS AND (2) INCREASE CITY SELLER FINANCING TO INCLUDE FIFTY PERCENT OF THE LAND SALES PRICE ATTRIBUTABLE TO THE MARKET RATE PROJECT.**

**NOTICE AND DIGEST**

**An Ordinance to amend Ordinance 13382 C.M.S. to authorize a First Amendment to the Disposition and Development Agreement between The City Of Oakland and the development team composed of LakeHouse Commons, LLC and LakeHouse Commons Affordable Housing, LP to (1) extend the closing date and related outstanding performance benchmarks and (2) increase City seller financing to include fifty percent of the land sales price attributable to the market rate project..**