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OFFICE OF THE CITY CLERK  
OAKLAND  
2018 NOV 29 PM 3:08

Approved as to Form and Legality:

  
Deputy City Attorney

# OAKLAND CITY COUNCIL

## ORDINANCE No. 13514 C.M.S.

**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, DEC 11 2018, 2018

**PASSED BY THE FOLLOWING VOTE:**

AYES ~~\_\_\_\_\_~~, CAMPBELL WASHINGTON, ~~\_\_\_\_\_~~, GIBSON McELHANEY, GUILLEN, KALB, ~~\_\_\_\_\_~~, and PRESIDENT REID -5

NOES - Kaplan - 1

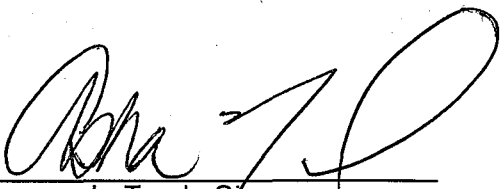
ABSENT -

ABSTENTION - Gallo - 1

Excused - Brooks - 1

**Introduction Date**

**DEC 04 2018**

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

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**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..**