

**CENTRAL DISTRICT REDEVELOPMENT PROJECT
FIVE -YEAR IMPLEMENTATION PLAN
2009-2014**

INTRODUCTION

The California Community Redevelopment Law ("CRL") requires redevelopment agencies to adopt an implementation plan for every redevelopment project area for each five-year period that the project area is in operation and until the term for plan effectiveness of the project area expires. This Implementation Plan (the "Plan") for the Central District Redevelopment Project is a policy statement that has been prepared to guide and to set priorities for redevelopment activities for the 2009-2014 period. This Implementation Plan covers both the original Central District Redevelopment Project Area and that territory added to the Project Area by amendment in 2001, and references to the "Project Area" in this Implementation Plan includes all such area.

This Implementation Plan includes two separate components: a Redevelopment and a Housing Component. The Redevelopment Component revisits the goals and objectives of the Central District Urban Renewal Plan ("CDURP" or "Redevelopment Plan"), presents the projects, programs and expenditures (other than those related to low- and moderate-income housing) that have been developed to achieve the goals and objectives, and describes how these projects, programs and expenditures will eliminate blight within the Project Area. The Housing Component describes how the components of the plan will implement various CRL requirements regarding low- and moderate-income housing; how the Redevelopment Plan goals and objectives for housing preservation and production will be implemented; and how the statutory requirements for the expenditure of tax increment set-aside funds for housing purposes will be met.

The Redevelopment Agency is required to prepare a mid-term review of the Implementation Plan and conduct a public hearing between the second and third year after the Implementation Plan has been adopted. New issues and opportunities may be encountered in the course of administering the Implementation Plan during the five-year period. Therefore, this Implementation Plan may be amended, if necessary, to effectuate changes in Agency priorities. Any such amendments will be reflected in the mid-term review of the Implementation Plan.

A. BACKGROUND

On June 12, 1969, the Oakland City Council adopted the CDURP. The CDURP was subsequently amended or supplemented on January 21, 1971, on May 29, 1973, on December 16, 1975, on December 12, 1978, on June 12, 1979, on August 3, 1982, on October 2, 1984, on June 11, 1985, on March 27, 1990, on February 18, 1997, on October 27, 1998, on July 24, 2001, on January 6, 2004, on July 20, 2004, on December 21, 2004 and on June 20, 2006. The Redevelopment Plan was amended in 2001 to add additional territory, known as the Brush & MLK Amendment Area.

The Project Area covers approximately 250 city blocks (828 acres) generally bounded by I-980, Lake Merritt, 27th Street and the Embarcadero. Within the Project Area, there are four major

redevelopment activity areas: City Center, Chinatown, Oakland and the Uptown area. The Project Area is a major economic and transportation hub in the San Francisco-Oakland Metropolitan Area and includes 24 Class A and 51 Class B office buildings with approximately 10.7 million square feet of office space. The Project Area is also at the center of the Bay Area Rapid Transit (BART) system, with three stations (12th Street Oakland City Center, 19th Street Oakland and Lake Merritt (Oakland)) located within its boundaries. More than forty AC Transit bus lines connect the Project Area with other parts of Oakland and nearby communities. A map of the Project Area is attached to this report.

The Agency's ability to address the Project Area's conditions of blight is directly linked to the Project Area's time limits for incurring and repaying debt, completing Redevelopment Plan activities, and collecting tax increment. Therefore, these time limits must be considered as an integral part of the overall Redevelopment Plan. In effect, pending an amendment per Section 33333.10, et seq., to extend by ten years (a) the Redevelopment Plan's effectiveness time limit, and (b) the Redevelopment Plan's tax increment collection time limit, the Redevelopment Plan's effectiveness for the original Project Area will expire two years earlier than the required five-year implementation plan cycle¹. However, the Agency will likely consider pursuing the extension under Section 33333.10, et seq. Currently, the Project Area has the following time, Redevelopment Plan effectiveness and fiscal limits:

¹ On July 24, 2009 the California legislature passed multiple pieces of legislation to balance the State's budget deficit. One budgeting measure was ABX4-26, which authorized the funding of a Supplemental Educational Revenue Augmentation Fund (SERAF) using revenue generated by redevelopment agencies from across the state. The SERAF will be in effect for two years (FY 2009-10 and FY 2010-11) and is funded at \$2.05 billion over the two-year period. The Oakland Redevelopment Agency's mandated expected contribution for FY 2009-10 is \$41,074,866, and \$8,497,000 for FY 2010-11. Payments are due by May 10 of the applicable year. Under Section 33331.5, agencies are entitled to a one-year extension on their plan effectiveness and receipt of tax increment time limits if they make the SERAF payments.

The California Redevelopment Association has filed a lawsuit challenging the SERAF requirement. If the lawsuit is unsuccessful and the Agency makes its first payment by May 10, 2010, the Central District Project will be entitled to a one-year extension of its time limits, subject to Council approval by ordinance, meaning that the Plan's effectiveness/activity time limit will be extended from June 12, 2012, to June 12, 2013, and the Plan's tax increment collection time limit will be extended from June 12, 2022, to June 12, 2023. Similarly, the same time limits for the Brush & MLK Amendment Area will be extended by one year meaning that the Plan's effectiveness/activity time limit will be extended from July 24, 2032, to July 24, 2033, and the Plan's tax increment collection time limit will be extended from July 24, 2047, to July 24, 2048 for the extended area.

Central District (Original Project Area)

Time Limit to Incur New Debt:	No Time Limit
Plan Effectiveness/Activity Time Limit:	June 12, 2012
Tax Increment Collection Time Limit:	June 12, 2022
Time Limit to Commence Eminent Domain:	June 12, 2009

Central District (Brush & MLK Amendment Area)

Time Limit to Incur New Debt:	July 24, 2021
Plan Effectiveness/Activity Time Limit:	July 24, 2032
Tax Increment Collection Time Limit:	July 24, 2047
Time Limit to Commence Eminent Domain:	July 24, 2013

B. CONDITIONS OF BLIGHT

Sections 33030-33039 of the California Health and Safety Code outline the legal framework for establishing a redevelopment area. The law states that redevelopment may be required in the interest of the health, safety, and general welfare of people in communities that are plagued by blighted areas, which constitute physical and economic liabilities. Such blight must also cause a reduction or lack of proper utilization of the area to such an extent that it constitutes a serious physical and economic burden on the community which cannot reasonably be expected to be reversed or alleviated by private enterprise or governmental action, or both, without redevelopment. In order to establish a redevelopment area, the CRL Law requires that blighting conditions in the area must be substantiated by at least one physical as well as one economic condition as defined by the law. The leading indicators of physical and economic blight in the Project Area include:

- Buildings with substandard, defective, or obsolete design or physical construction, which include obsolete interior arrangements, inadequate mechanical/electrical/plumbing systems, light and sanitation and lack of ADA compliance
- Buildings in which it is unsafe or unhealthy for people to live or work
- Underutilized and vacant land or abandoned buildings
- Lots of irregular form, shape, and inadequate size
- Faulty or inadequate utilities
- Hazardous materials contamination
- Above average commercial vacancies or below average lease rates
- Lack of private investment

C. GOALS AND OBJECTIVES FOR THE PROJECT AREA

Generally, it is the objective of the Agency to assist in the improvement of the Project Area, which is in need of redevelopment and private reinvestment to correct health and safety concerns and to address economic and physical blighting conditions. The following specific goals and objectives are included in the CDURP:

- A. Strengthening of the Project Area's existing role as an important office center for administrative, financial, business service and governmental activities.
- B. Revitalization and strengthening of the Oakland Central District's historical role as the major regional retail center for the Metropolitan Oakland Area.
- C. Establishment of the Project Area as an important cultural and entertainment center.
- D. Re-establishment of residential areas for all economic levels within specific portions of the Project Area.
- E. Provisions of employment and other economic benefits to disadvantaged persons living within or near the Project Area.
- F. Restoration of historically significant structures within the Project Area.
- G. Improved environmental design within the Project Area, including creation of a definite sense of place, clear gateways, emphatic focal points and physical design which expresses and respects the special nature of each sub-area.

The primary function of this Implementation Plan is to illustrate how the Agency's efforts during the five-year term of this Implementation Plan will continue to eliminate blighting conditions throughout the Project Area. The goals above are considered with each action the Agency takes, so that all expenditures go towards supporting the programs and projects that will address blighting conditions and attract private investment to the Project Area. The next section provides a description of those activities planned for the term of this Plan.

D. PROJECTS AND EXPENDITURES PROPOSED FOR THE NEXT FIVE YEARS

This section of the Implementation Plan identifies projects, programs and expenditures to be used in the realization of the goals and objectives over the term of the Plan. The elements of this Redevelopment Component of the Implementation Plan are interrelated to accomplish the alleviation of blight in the Project Area. The means for achieving the goals and objectives of the Redevelopment Component are the projects, programs and expenditures that are proposed to be undertaken by the Agency over the five-year term. By implementing these projects and programs, the Agency will continue to abate blight in the Project Area despite the challenging economic environment created by the national recession with its weak real estate, financial and employment markets.

The following table outlines the projected tax increment revenues for the Project Area over the five-year period of this Implementation Plan. These figures assume an annual growth rate of two percent over the 2009 assessed property valuation.

Table 1
Projection of Tax Increment Revenue
Fiscal Years 2009-14
Project Area (including Amendment Area)
(\$'000s)

	FISCAL YEAR					2013-14	TOTAL 2009-14
	2009-10	2010-11	2011-12	2012-13***			
Gross Tax Increment Revenue*	59,094	59,981	61,180	62,709	43,386	44,913	287,877
Housing Set-Aside Req't	(11,818)	(13,968)	(15,295)	(15,677)	(10,847)	(11,228)	(67,986)
AB 1290 Pass-through	(5,327)	(5,504)	(5,746)	(6,053)	(2,188)	(2,494)	(25,124)
Debt Service	(23,660)	(25,839)	(25,856)	(26,033)	(26,033)	(26,768)	(128,156)
TI Rebate	(1,288)	(1,317)	(1,346)	(1,377)	(1,377)	(1,423)	(4,146)
State Education Funds (ERAF)	(5,665)	(2,685)	0	0	0	0	(8,350)
City Repayment	(8,005)	(8,077)	(8,239)	(8,403)	(2,941)	(3,000)	(35,724)
Net Tax Increment Revenues**	4,619	3,908	4,698	5,166	0	0	18,391

* Includes administrative costs.

** Net Tax Increment Revenue includes staffing and operations & maintenance costs.

*** Section 33331.5 allows for a 1-year time extension in exchange for the Agency making payments to the Supplemental Educational Revenue Augmentation Fund. If the extension does not happen, there will be a \$19,323,000 reduction in gross tax increment; a \$4,831,000 reduction in the Housing Set-Aside; a \$3,865,000 reduction in the AB 1290 Pass-through; a \$5,462,000 reduction in the City Repayment; and a \$5,166,000 reduction in net tax increment for projects and programs for FY 2012-13.

The total net tax increment revenue that will be available in the Capital Projects Fund for Agency activities in the Project Area between FY 2009/10 and FY 2012/13, the last year of the effectiveness of the Project Area's Redevelopment Plan, is estimated to be approximately \$18.4 million. Total funding for the 25 percent set-aside into the Low and Moderate Income Housing Fund during the 2009/10 to 2013/14 is estimated to be approximately \$73 million, since payments into the Low and Moderate Income Housing Fund continue after the expiration of the effectiveness of the Project Area's Redevelopment Plan until the end of the Project Area's time limit to repay all indebtedness in 2023.

The proposed projects and program expenditures for the next implementation period will be funded from projected net tax increment revenues (as described in Table 1), capital funds (including bond proceeds and revenue from capital projects), sales proceeds, fund transfers and miscellaneous sources (including interest and rental income). Table 2 below outlines the amount of capital allocated to each of the projects and programs in fiscal year 2009-11 within certain geographic areas. The table also identifies the net tax increment available for activities in the years 2011/12 and 2012/13. However, no specific amounts have been allocated to projects or programs as such allocations will be determined and approved by the City Council as part of its FY 2011/13 budget for the Agency.

Table 2.
Projection of Capital Expenditures
Central District Project Area
Fiscal Years 2009-12

Central Business District-wide						
Capital Project Descriptions	Committed Funds from Prior Years	FY 2009-10	FY 2010-11	FY 2011-12	FY 20012-13	TOTAL
Total Funding	\$41,974,889	\$24,281,743	6,009,913	TBD	TBD	\$72,266,545
1-1/2% Public Art	1,924,967	0	0	-	-	1,924,967
14th & Broadway Transit Center	318,390	0	0	-	-	318,390
Small Business Retail (Broadway) Loan Program	110,843	387,630	126,800	-	-	625,273
Central District Public Facilities	0	5,000,000	0	-	-	5,000,000
- Lincoln Rec Center Pub Facility	491,809	0	0	-	-	491,809
- Malonga Public Facility	524,695	0	0	-	-	524,695
- Jefferson Sq. Public Facility	536,972	0	0	-	-	536,972
- Chinese Garden Public Facility	210,675	0	0	-	-	210,675
Downtown Capital Project Support	1,743,673	1,000,000	500,000	-	-	3,243,673
Downtown Façade Improvement Program	372,617	1,658,500	0	-	-	2,031,117
Merchant Promo District 2 & 9	30,000	10,000	10,000	-	-	50,000
Oracle Corp Software License	67,104	200,000	200,000	-	-	467,104
Retail/Entertainment Catalyst Project	1,018,511	500,000	0	-	-	1,518,511
Downtown Streetscape Master Plan	3,053,003	0	0	-	-	3,053,003
Subtotal	\$10,403,259	\$8,756,130	\$836,800	TBD	TBD	\$19,996,189
Uptown						
Capital Project Descriptions	Committed Funds from Prior Years	FY 2009-10	FY 2010-11	FY 2011-12	FY 20012-13	TOTAL
Fox Theater Master Plan & Development	2,700,000	0	0	-	-	2,700,000
Fox Theater Master Plan, Maintenance, Retail/Office	17,463	0	0	-	-	17,463
Fox - GASS Grant	892,241	0	0	-	-	892,241
Oakland Ice Center	0	2,205,000	2,315,000	-	-	4,520,000
Oakland Ice Center Capital Improvements	165,855	0	0	-	-	165,855
Touraine Hotel/HRMSC	90	98,113	98,113	-	-	196,310
Telegraph Phase I ORA	1,703,248	0	0	-	-	1,703,248
Telegraph Plaza Garage Operations	0	196,000	205,000	-	-	401,000
Broadway - West Grand - ORA	400,780	0	0	-	-	400,780
Uptown - Retail Entertainment Catalyst Proj	215,766	0	0	-	-	215,766
Uptown Forest City Residential	305,003	0	0	-	-	305,003
Uptown - Forest City DDA	170,004	0	0	-	-	170,004
Fox Courts DDA	0	170,000	0	-	-	170,000
Uptown- Forest City Residential	666,000	0	0	-	-	666,000
Central District Parking Garage Dev.	22,835,000	0	0	-	-	22,835,000

Table 2. cont.

Uptown cont.						
Capital Project Descriptions	Committed Funds from Prior Years	FY 2009-10	FY 2010-11	FY 2011-12	FY 20012-13	TOTAL
Uptown Garage (21st and Telegraph)	0	2,900,000	0	-	-	2,900,000
Central District Site Acquisition	0	7,500,000	0	-	-	7,500,000
Development Assistance Program	1,500,000	0	0	-	-	1,500,000
Subtotal	\$ 31,571,630	\$13,069,113	\$2,618,113	TBD	TBD	\$47,258,856

Downtown						
Capital Project Descriptions	Committed Funds from Prior Years	FY 2009-10	FY 2010-11	FY 2011-12	FY 20012-13	TOTAL
Franklin 88 Garage Operations	\$0	220,000	230,000	-	-	\$450,000
City Center West Garage Operations	0	2,062,500	2,151,000	-	-	4,213,500
UCOP Garage Operations	0	174,000	174,000	-	-	348,000
Subtotal	\$ 0	\$2,456,500	\$2,555,000	TBD	TBD	\$5,011,500

The redevelopment activities the Agency has planned for the next five years focus on rehabilitation and enhancement of the Project Area’s infrastructure and buildings, while facilitating new mixed-use and infill development, attracting new businesses to the downtown and operating public facilities in support of these efforts. Economic development is also made a priority, as evidenced by the specific retail plan for the Broadway/Valdez district, as well as continuous and comprehensive marketing efforts in the areas of overall image enhancement; business attraction marketing; city promotion; visitor marketing (through the Oakland Convention & Visitors Bureau contract); and film, special events and cultural arts to enhance vitality and fuel continued revitalization of the area. Private sector activities will additionally contribute to blight abatement within the Project Area. The projects and programs will generally be implemented either throughout the Project Area, or they will be focused specifically in the Uptown and Downtown areas.

CENTRAL DISTRICT-WIDE

1-1/2% Public Art Program

The Agency’s Public Art Program authorizes the allocation of 1.5 percent of Agency capital construction project funding for the commissioning of public artwork. Agency funds will be used for artwork that will be installed as part of the Agency’s Streetscape Improvement projects in the Uptown Activity area and for public art installations that will be part of future Agency-assisted development projects.

10K Housing Initiative

In 1999, the Mayor and the City Council launched the 10K Downtown Housing Initiative. This major downtown redevelopment effort aimed to attract 10,000 new residents to the Central District by marketing the area, identifying opportunity sites and working with private developers to build housing for these new urban dwellers.

The 10K initiative has significantly contributed to positioning the Project Area as a desirable location for the development of rental and owner-occupied housing. As of September 2009, 4,250 housing units were completed, 310 units are in construction, 2,149 units have planning approvals and 2,247 units are in planning. Although these 8,956 units exceed the goal of the 10K initiative, the recent severe downturn in the local housing market and the national credit crisis cast serious doubt on the prospect that those residential projects that are not yet under construction will be built in the near term. In fact, it will take some time until existing housing inventories in the Project Area will be absorbed by the market before any new construction can take place. As a result of these changing conditions in the housing market, the Agency has moved away from implementation of the 10K strategy and is shifting its redevelopment efforts to other projects aimed at infrastructure improvements, upgrading building interiors, facades and attracting retail to the Project Area. From 2004/5 to 2008/9, major accomplishments for Agency-sponsored projects included:

- Completion of the second phase of the 86-unit Market Square II (formerly Housewives Market), in December of 2007.
- Completion of construction on Forest City Residential Development West's 665-unit Uptown in December of 2008;
- Completion of Fox Courts, an 80-unit affordable housing development, behind the Fox Theater.

Plans for 2009-13 include amending contracts for the following two Agency-sponsored 10K housing projects that have either stopped construction or have not yet started:

- **Citywalk (252 residential units and 3,000 square feet of retail)** – This project stopped construction. A new developer has acquired title to the development and is securing project financing to complete this rental project by early 2011.
- **Uptown Parcel 4** – In 2006, the Agency entered into a Disposition and Development Agreement with Forest City to develop a mid-rise residential project with 175 – 200 units, and 20,000 square feet of retail. The developer was scheduled to start construction in October of 2008, but did not proceed because of the deteriorating conditions in the local housing market. Plans for FY 2009-13 include renegotiating the terms of the Project DDA, and working on temporary improvements to the property that will serve the Uptown Activity area.

Business Improvement District/Community Benefit District

The purpose of a Business Improvement District (“BID”), also known as a Community Benefit District (“CBD”), is to generate revenues from special assessments that are used to improve the public perception of Oakland’s commercial and mixed-use neighborhoods, including the Central Business District, as a place to work, shop, live and conduct business. BIDs provide enhanced services beyond the baseline services already provided by the City. BID activities include, but are not limited to private security and ambassador services, enhanced landscaping, sidewalk cleaning, special events, district branding and other marketing activities to support the economic vitality of the district. Within the Central District, major accomplishments include the formation of the Koreatown/Northgate Community Benefit District in July 2007, as well as formation of the Downtown Oakland and Lake Merritt/Uptown Community Benefit Districts in July 2008. Collectively, these three districts generate approximately \$2.2 million per year.

Plans for FY 2009-13 include working with community representatives interested in exploring the possible formation of a BID within the Old Oakland neighborhood and facilitating the development of policies and procedures which support an effective coordination of efforts between various City divisions (e.g. Public Works, Environmental Services, Oakland Police) and the three existing downtown BIDs.

Downtown Capital Project Support

The purpose of this program is to provide equipment, promotional materials and professional services in support of redevelopment activities throughout the Project Area during the next budget cycle. During FY 2009-12, funding from Downtown Capital Support will be used to (1) purchase new computer work stations, (2) provide training for downtown staff, (3) pay for the Public Works Agency’s project management support on the Agency’s Streetscape Improvement District projects, (4) provide funding for consultant contracts related to an amendment to the Redevelopment Plan for the Central District to extend the time limits relating to the Plan’s effectiveness, (5) pay for certain street improvements in the Uptown Area, (6) provide capital support for Agency-owned facilities, (7) pay for litigation support, (8) provide funding for the Broadway/Valdez District and Lake Merritt Specific Plan, and (9) provide funding support for a proposed downtown shuttle service.

Downtown Façade Improvement Program

The Downtown Façade Improvement Program (“FIP”) was created in 1999 and covers the Uptown, Old Oakland/Chinatown and the Lower Broadway area. The program also includes the Downtown Historic Façade Improvement Program. The Downtown FIP provides matching grants and design assistance to existing businesses for the purpose of making storefront and façade improvements. The FIP is intended to restore the exterior of historic buildings, update and modernize the exterior of older buildings, promote retail activity, improve the pedestrian experience and help support other redevelopment projects by enhancing the general appearance of surrounding properties. Eligible work includes the following:

- Painting/wall repair/cleaning
- New awnings/canopies

- Renovation or repair of windows • Landscaping and exterior lighting
- Rehabilitation of historic facades • Doors and storefront systems
- Improvement & removal of safety grilles • Removal & replacement of signage

During 2004/5-2008/9, 181 façade projects were completed, and 19 are under construction. The goal for 2009/10-2012/13 is to start and/or complete 75 projects. FIP staff will continue to identify new eligible applicants and work closely with property owners during the implementation of each façade project during implementation of the program.

The Downtown Tenant Improvement Program

The Downtown Tenant Improvement Program (“TIP”) provides incentives to attract retail, restaurants, arts and entertainment businesses to targeted locations in the Project Area. While the market for retail (especially restaurants and bars) in the Project Area has improved, in many cases the spaces, buildings or properties that are available are functionally obsolescent and not suitable for retail use. The TIP provides property and business owners matching grants to cover expenses for asbestos abatement, compliance with the Americans with Disabilities Act (ADA), interior demolition, upgrading mechanical, plumbing and electrical systems, and restoration of interior historic design features. The TIP can be used separately or in conjunction with the Downtown FIP. The program started in September of 2003 and has been highly successful. During 2004/5-2008/9, 117 tenant improvement projects were completed, and 11 are under construction. The goal for 2009/10-2012/13 is to start and/or complete 60 tenant improvement projects. TIP staff will continue to identify new eligible applicants and work closely with property owners during the implementation of each tenant improvement project during implementation of the program.

Central District Parking Garage Operation and Development

During the last five-year implementation period, the Agency-assisted 325-space 17th Street Parking garage was completed by a private developer, and the Agency completed construction of a 135-space garage at the Franklin 88 condominium project. The Agency is continuing to operate City Center Garage West, the UCOP garage, the Franklin 88 garage and Telegraph Parking Plaza. The Agency is evaluating the need for additional public parking facilities throughout the Project Area. One alternative involves enlarging Telegraph Parking Plaza, an existing garage at the corner of Thomas L. Berkeley Way and Telegraph Avenue. There may be a need for additional public parking facilities in the area surrounding the garage as over 1,200 parking spaces were eliminated as a result of Forest City’s Uptown project. A complicating factor for any proposed redevelopment of the garage is the potential need for an adjacent privately-owned parcel that would enhance any garage reconstruction project, but which is not available at this time. During 2009/10-2012/13, the Agency will analyze the construction and financial feasibility of significantly upgrading or replacing the garage, and, if deemed feasible, proceed to enlist a developer/contractor to implement this project. The Agency is also evaluating the development of additional public parking in the Broadway/Valdez Retail Study area. In this case the Agency will have to acquire private property for garage development. The Agency is investigating opportunity site purchases in the Broadway/Valdez Retail Study area.

Downtown Streetscape Master Plan

The Streetscape Master Plan calls for the construction of various public improvements to complement existing and future redevelopment projects, and to attract new public and private investment into the Project Area. The recommendations of the Streetscape Master Plan were guided by the objective of improving the appearance of selected sub-areas of the Project Area. The planned improvements will achieve this goal by creating a definite sense of place, clear gateways, emphatic focal points and an attractive physical design. The improvements consist of repair and/or restoration of existing pavement, widening existing sidewalks, constructing pedestrian bulb-outs, introducing new landscaping such as street trees, improving signage and striping, installing new lighting, modifying existing traffic lane patterns, and creating bicycle lanes. Agency funds for the implementation of the Streetscape Master Plan are complemented with local Alameda County Transportation Improvement Authority Measure B grant funding, local Alameda County Congestion Management Agency grant funding, and state grant funding via a voter-approved Proposition 1C bond measure. During 2004/5-2008/9, 100% plans, specifications and cost estimates were completed for the following projects: Broadway Phase II and III, Latham Square, Telegraph Avenue, Telegraph Phase One, Old Oakland, 11th Street and Broadway-West Grand. Construction was completed for the following projects: Broadway Phase II and III (Broadway 12th to 20th), Telegraph Phase One (the west side of Telegraph Avenue from 18th Street to 20th St., 11th Street between Broadway and Clay Street, Broadway-West Grand (Broadway from West Grand to 24th Street).

Plans for 2009/10-2012/13 include starting construction of the Old Oakland Streetscape Improvement Project, additional work on the Telegraph Avenue Streetscape Improvements, including redesign and renovation of the 17th Street BART entrance, and Latham Square.

Basement Backfill and Repair Program

The Central District Basement Backfill and Repair Program (“BBRP”) is a new program that was developed by the Agency in 2008 to assist private property owners with the repair of their deteriorated sub-sidewalk basement spaces in specific areas in the Project Area. The overall purpose of this program is to correct the problems associated with these deteriorated basements – such as leaking and rusted elevator access doors, deteriorated structural elements, rusted rebar, and leaking skylights and sidewalk grilles – so that the City can proceed with construction of several streetscape projects included in the Downtown Streetscape Master Plan. Plans for 2009-12 include continuation of this program in specific areas of Downtown Oakland, and working with as many property owners as are interested in pursuing repair of their basements. During FY 2008/09, seven of 12 engineering contracts were executed and design work is underway.

UPTOWN

Center 21, formerly known as the Bermuda Building

Center 21 is comprised of two towers, the 215,000-square-foot, nine-story, 2100 Franklin which was completed in January 2008, and the existing 2101 Webster tower, a 20-story, 475,000-square-foot building. The Agency worked with the original developer, Brandywine Realty, on

the development of the project and also played a major role in facilitating the transfer of the property to the CIM group. This project is finished and being leased up. Center 21 will not require further work during the 2009/10-2012/13 implementation period.

Fox Theater Master Plan, Renovation and Maintenance

The Fox Theater, a major historic landmark which is located on Telegraph Avenue, was vacant and boarded up for many years and had a blighting influence on the surrounding area. The Agency's Fox Theater Master Plan called for the renovation and adaptive reuse of the Fox Theater into a performing arts center and an educational facility for the Oakland School for the Arts. The Agency established a non-profit public benefit corporation, Fox Oakland Theater (FOT), to oversee the rehabilitation, lease-up and management of the theater. The Agency leveraged significant public and private funding with its capital contribution toward the implementation of the Fox Theater Master Plan. Accomplishments for the 2004/05-2008/09 implementation period include project completion in February of 2009. FOT also executed leases with Another Planet Entertainment, a major concert promoter in the Bay Area, and the Oakland School for the Arts, and will continue to seek a tenant for all remaining rentable space in the building during the 2009/10-2012/13 implementation period. This project will continue to act as a catalyst for private investment in surrounding buildings, and contribute to increasing property values, property taxes, sales taxes, and new job creation as a result of new businesses opening up in the theater's vicinity.

Oakland Ice Center

The Oakland Ice Center ("OIC") greatly supports the Agency's redevelopment efforts in the Uptown Area by providing a recreational ice skating facility that attracts many people to this part of downtown Oakland, especially on evenings and weekends. The OIC contributes to the establishment of the Uptown Area as a cultural and entertainment center. Agency accomplishments for the facility during the 2004/05-2008/09 implementation period include enlisting San Jose Arena Management (SJAM) to maintain and operate the facility, completing major capital improvements at the facility in August of 2007, completing a new entrance on the 17th Street side of the facility in December of 2009, and, for the first time, generating positive cash flow for the Agency during FY 2007-09. Plans for the 2009/10-2012/13 implementation period include negotiating and securing Council approval for a contract extension with SJAM, and initiating further upgrades for the facility.

Henry J. Robinson Multi-Service Center

The Henry J. Robinson Multi-Service Center (HRMSC) provides economic benefits to disadvantaged persons living within or near the Project Area by operating major supportive housing services to eliminate homelessness for struggling families through the provision of a two-year transitional housing program, an emergency shelter and drop-in services for the homeless population in Oakland. The HRMSC provides transitional housing for up to 54 families, and gives homeless individuals the opportunity to stabilize their lives while completing, through the process of case management, the necessary work needed to become productive citizens. The Center also provides 8 emergency housing units, a drop-in center, and an award-winning program for children. The programs at the HRMSC are funded by grants, with the

Department of Housing and Urban Development (HUD) funding the Supportive Housing Program at the Center. The Redevelopment Agency receives income from leasing the center, and the funds are utilized for capital improvements and maintenance repairs at the facility.

The housing and services provided at the HRMSC feed into the City of Oakland's Permanent Access To Housing (PATH) Strategy to end homelessness in Oakland. Major accomplishments at the HRMSC during the 2004/5-2008/09 implementation period included the provision of transitional housing, emergency housing and other supportive services/skill development programs for approximately 2,400 families. For the next implementation period, based on past performance, it is anticipated that 75% of all program participants who come in from the streets or from shelters will move into transitional housing and improve their residential stability, 100% of program participants will take part in skill development programs (vocational training, educational enrollment, life skills and money management), and 75 percent of all participants will increase their personal skills in the areas of budget management, decision-making and problem solving.

Uptown Project (Phases 1 and 2)

In October of 2005, the Agency entered into a Lease Disposition and Development Agreement (LDDA) with Forest City, Inc. and its affiliates to redevelop two underutilized "super blocks" located in the Uptown Area. The Uptown (Phase 1) includes a transit-oriented development consisting of 665 rental apartments, of which 20 percent (133 units) are affordable to households earning 50 percent or less of the area's median income (AMI) for a period of 55 years. In addition, five percent (33 units) of the 665 units are affordable to households earning incomes not exceeding 120 percent of AMI for a period of 55 years. There are also 9,000 square feet of neighborhood-serving retail and a 25,000 square-foot public park. Major accomplishments during the 2004/05-2008/09 implementation period include: Completion of 665 units and related improvements, and completion of Fox Square, a new park serving the area.

In 2006, the Agency entered into a DDA with Forest City to develop a mid-rise residential project, the Uptown (Phase 2) with 175 – 200 units, and 20,000 square feet of retail. The developer was scheduled to start construction in October of 2008, but did not proceed because of the deteriorating conditions in the local housing market and the national financial crisis. Plans for the implementation period include renegotiating the schedule of performance for the Project, and identifying and implementing an interim use for the site that may include temporary public parking and art display areas that will serve the Fox Theater and other businesses in the area.

Lastly, the Agency selected Resources for Community Development for the development of Fox Courts, an 80-unit affordable rental housing project behind the Fox Theater in the Uptown area. This project was completed in April of 2009.

Uptown Parcel 5

The Agency owns a parcel bounded by San Pablo Avenue, 18th Street, 19th Street and the Fox Courts Project. In October of 2009, the Agency issued a request for development proposal for the site. Plans for the 2009/10-2012/13 implementation period include selection and Council

approval of a developer for the site, entering into a DDA or Ground Lease and working towards the start of construction of a new mixed-use project on the site.

Broadway/Valdez District Specific Plan

In December 2007, the Oakland City Council reviewed recommendations from the Upper Broadway Strategy – A Component of the Oakland Retail Enhancement Strategy. The report identifies the Broadway Retail Corridor (BRC), of which the Valdez Triangle is located in the Project Area, as a key area in Oakland for comparison/life-style retail, office and housing mixed-use development. The Agency is participating in an interdepartmental effort to create a specific plan for the BRC that provides for an urban mixed-use, mixed-income development with major retail and high density housing components and the appropriate accompanying environmental impact report (EIR). Goals for the implementation period include completion of the specific plan and the EIR, identification and selective acquisition of opportunity sites necessary for the implementation of the plan, including identification of sites to provide a new parking garage in the area; identification of appropriate funding sources for implementation of the strategy, and evaluation of blight in the BRC for inclusion of the affected parcels in an amendment to the Redevelopment Plan for the Central District to extend the time limits relating to the Plan's effectiveness.

DOWNTOWN

Public Facilities

The Agency is managing four public garages. These public parking facilities include the Franklin 88, UC Office of President, Telegraph Parking Plaza and City Center Garage West.

Franklin 88 - This 135-space garage serves Chinatown and was completed in October of 2004. The garage also provides overflow parking for the adjacent Courtyard by Marriott Hotel per a parking license agreement with the Agency. The revenues of the garage have recently declined. Staff, in cooperation with the Home Owners Association at Franklin 88 issued a Request for Proposals to parking companies to find a new operator that will pay the Agency a minimum monthly payment, plus a percentage of gross revenues, as opposed to the fee-for service arrangement that is in place with the current operator. Staff hopes that this will improve the performance of the garage and eliminate the need for Agency subsidies.

City Center Garage West - This garage continues to provide parking for offices and commercial tenants and workers in the City Center area, including workers in the Federal Building, the State Building, the City Administration Complex, Preservation Park and many other buildings near City Center. During the last implementation period the Agency pre-paid its development loan for the project to the City of Oakland. The garage is now free of debt. The garage is projected to generate annual gross revenues of approximately \$2.47 million during FY 2009-10, and \$2.55 million during FY 2010-11. Project funding will cover operating costs for the garage.

UC Office of President Parking Operations - The Agency owns and operates public parking in

the UCOP Building at 11th, 12th and Franklin Streets. It is anticipated that this public parking garage will generate approximately \$281,000 in net income during FY 2009-10. The garage is expected to operate without a subsidy in FY 2009-11. During the 2004/05-2008/09 implementation period, the Agency entered into an agreement with SKS Broadway LLC to sell the garage once SKS has commenced construction of the Key System project.

Telegraph Parking Plaza - The Agency acquired Telegraph Parking Plaza from the City during FY 2008-09. There is a need for additional public parking facilities in the Uptown project area since over 1,200 spaces were eliminated in the area as a result of Forest City's Uptown project. Staff has identified Telegraph Plaza Garage, which is in proximity to the Paramount Theater and the Fox Theater, as a candidate for parking capacity expansion. During FY 2008-09, Agency staff entered into an Exclusive Negotiating Agreement (ENA) with a developer for a mixed-use project, including housing and retail, on the site. However, the current downturn of the regional housing market and the national credit crisis made new private development at the site unlikely in the near term. During the next implementation period, the Agency will analyze the construction and financial feasibility of significantly upgrading or replacing the garage, and, if deemed feasible, proceed to enlist a developer/contractor to implement this project.

City Center Site Preparation

Originally, this project included four large properties located in the City Center area of downtown. In the past, the Agency transferred the property located at 555 12th Street to the Shorenstein Company for the development of an office tower, and it sold the property known as T-10, located at 14th and Jefferson Street' to the Olson Company for the development of "City Walk", a for-sale residential project. Olson broke ground for the City Walk project in March of 2005, but the project halted construction in July of 2007. The Agency is working with the Olson Company to amend the existing Disposition and Development Agreement (DDA) and find a qualified entity that can complete the project, which has been repositioned as a rental housing development. After completion of 555 12th Street, Shorenstein had options to purchase the sites known as T-5/6 located at 12th Street and Clay Street, and T-12 located at 12th Street and Jefferson Street. Shorenstein acquired T-12 from the Agency in December of 2007, and started construction of a 750,000 square-foot office building in November of 2008. Since then, Shorenstein has removed all hazardous soils from the property, which was overseen and paid for by the Agency. In January of 2009, Shorenstein halted project construction and requested an extension of the completion date. Shorenstein cited the national recession, deepening unemployment and rising vacancies in the Bay Area office market as primary reasons for their action. Plans for the implementation period include negotiation and preparation of the legal documents required for the requested extension.

Key System Building – 12th & Broadway

This project includes renovation of the historic Key System building and its integration into a new mixed-use office and retail tower to be developed on an adjacent vacant site. Key accomplishments for the 2004-09 implementation period include obtaining Council authorization to transfer an expanded Owner Participation Agreement and a Purchase and Sales Agreement for the UCOP garage to SKS Broadway LLC, and obtaining Council authorization to sell the

adjacent 145-space UCOP garage at its fair market value to SKS in order to facilitate the financial feasibility of the project and to maximize the amount of retail space in the new building. The current OPA requires construction of a new office building to start in October of 2009. However, in light of prevailing office and employment market conditions, the developer has requested a three-year extension to the date of construction commencement. Goals for the implementation period include negotiation and preparation of the legal documents required for the requested extension.

Central District – Site Acquisition

The Agency is considering making purchase offers on various opportunity parcels in the Central District for redevelopment purposes. Opportunity sites include a large Caltrans-owned parcel and two properties in the Central District Project Area. If the Agency acquires any of these properties, it will issue Requests for Proposals during the implementation period.

Public Parks and Facilities

As the population in the Central District is growing and public use of parks and facilities is increasing, there is a need to address deferred maintenance issues at certain public parks and facilities within the Project Area. As a result, the Agency provides capital improvement grants for certain public parks and facilities in the Central District Redevelopment Project Area. In FY 2007-2009 the Agency made available \$2 million in grants to improve the parks and public facilities listed below. The Agency allocated an additional \$1 million toward capital improvements in October of 2009.

Lincoln Square Park (261-11th Street). The Lincoln Square Park project will provide a new synthetic turf field connecting the park to the adjacent Lincoln Elementary School. The school, as well as four day-care centers and two Head Start Programs use Lincoln Square Park as additional play area. Construction will start in April of 2010 and will be completed in October of 2010.

Madison Square Park (810 Jackson Street). The existing facilities at Madison Square Park were enhanced to provide a gathering space for community groups who have been using the nearby BART plaza site for various activities. The total project cost was \$285,000 and was completed in February 2008.

Malonga Casquelourd Center for the Arts (1428 Alice Street). The Malonga facility requires major renovation of its building systems, building exterior and common areas. The first phase of work began in 2008 and will be completed in the late 2010.

Jefferson Square Park (618 Jefferson Street). Jefferson Park will undergo major renovations to upgrade its tot lot, add a new dog park with separate areas for small and large dogs, relocate an existing full-sized basketball court, and complete general landscaping improvements. Community meetings and completion of the design took place in 2008. Upgrades will begin in April of 2010 and be completed in November of 2010.

Chinese Garden Park (7th and Harrison Streets). Proposed improvements to the Chinese Garden Park include repairs to pathways, concrete pad at the pavilion, resodding of the lawn, tree planting and irrigation systems. Design is underway and bids will be accepted in March 2009. Construction will begin in November of 2009 and be completed in April of 2010.

Fox Square – The Agency, with financial assistance from the City, worked with Forest City to create Fox Square, a new 25,000 square-foot public park in the Uptown area. The park was completed in October of 2008. The Agency negotiated with Forest City to provide all maintenance services at this new park at their expense.

Plans for the implementation period include completion of all capital improvements at the various sites.

Oakland Convention Center

In June of 2007, the CIM Group Oakland acquired Oakland Marriott City Center and the Courtyard Oakland Downtown. The Oakland Marriott City Center is contiguous with the Oakland Convention Center, which CIM manages on behalf of its owner, the City of Oakland. CIM has approached the Agency to provide capital improvement funding to renovate various components of the aging Convention Center. Plans for the 2009/10-2012/13 implementation period include reaching agreement with CIM over the terms and conditions of such funding and implementation of the work.

Developer Funding Assistance

The severe downturn in the local housing market and the national financial crisis presented many housing developers that had projects in construction with a rapidly changing market environment that has forced some of them to convert for-sale housing projects to rental housing projects and has forced others into foreclosure. The Agency has received requests for funding assistance from developers to assist them in addressing these problematic circumstances. The Agency has allocated funding for this purpose and will consider requests from developers on a case-by-case basis.

Downtown Walking Patrol and Police Services Program

The Walking Patrol Program and Police Services Program were established to enhance safety and security above standard police patrol levels in order to facilitate the leasing or sale of office space in the Central District Project Area. The service has rendered an improved perception of security by business owners, customers, and workers in the area, and decreased crime rates. Proposed Agency funding for FY 2009-11 is approximately \$1 million for each year. It is anticipated that this level of funding will continue until the end of the implementation period.

Economic Development Program

The Agency is supporting the Economic Development Division's Economic Development Program to increase investment in Oakland in a way that contributes to the prosperity of

businesses and provides sustainable job opportunities for Oakland residents and diverse economy in Oakland. Efforts are focused in four primary sectors: retail, office, industrial, sustainable and international trade business opportunities. The program serves not only the Central District Project Area and I-880 corridor, but also other commercial areas and business districts of the city. Specifically the program focuses on:

- Retention and expansion of existing businesses
- Implementation of the Citywide Retail Enhancement Strategy
- Downtown Office Strategy, which aims to attract new, financially secure and experienced business investment into Oakland's downtown office market by assisting in efforts to create an attractive place for more national and international investment and business location
- Creation of the Oakland Business Assistance Center, a visible, easily accessible, single location for Oakland businesses to obtain support and information on how to operate, grow and sustain their businesses in Oakland
- Sustainable Strategy which provides increasing opportunities for Oakland businesses to develop sustainable business practices that promote healthy businesses as well as a healthy environment

Marketing & Special Events Program

The Marketing & Special Events Program positions Oakland and the Project Area as a center for business in the Bay Area through a comprehensive marketing strategy in the areas of overall image enhancement; business attraction marketing; city promotion; visitor marketing (through the Oakland Convention & Visitors Bureau contract); and film, special events and cultural arts to enhance vitality and fuel continued revitalization. Major functions include creating and implementing marketing campaigns; production of marketing collateral, high-profile special events and business support activities; promoting Oakland and the Project Area at key trade shows and conventions; generating positive publicity, including business-related media coverage; providing marketing technical assistance for small businesses and key cultural attractions; and promoting Oakland and the Project Area as a prime destination for shopping, dining, arts and entertainment.

IV. HOW GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES WILL ELIMINATE BLIGHT

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

The Agency will focus on three categories of activities in order to eliminate blight in the Central District. These are:

1. Assemble blighted and underutilized properties into sites suitable for new development. Such land assembly would likely take place in response to property owner, developer or Agency-initiated efforts to assemble property needed for the expansion of existing uses or for the creation of sites suitable of development for new uses. Through an Owner Participation Agreement (“OPA”) or Disposition and Development Agreement (“DDA”), the Agency may provide land write-downs or may grant or loan money to assist new retail, commercial and housing development, or facilitate the expansion of existing facilities. Projects that include this activity could be located within the Upper Broadway Retail Strategy area.

2. Supply low cost loans, grants, subsidies and directly improve blighted structures, including the Fox Theater, the Uptown Project, the Façade Programs, the Downtown Historic Façade Program and the Downtown Tenant Improvement Program. By eliminating physical deterioration, and improving the substandard or functionally obsolescent condition of retail and commercial buildings, more businesses will be attracted to the area, which will improve retail sales, property values and property taxes. The increased business activity should attract new patrons to the Project Area.

3. Provide infrastructure improvements covering a variety of public works projects ranging from installation of utilities, traffic capacity projects, mass-transit improvements, parking facilities, new streets, under grounding overhead distribution and communication lines, storm drainage and sanitary sewers, bridges and under- or over-crossings, flood control improvements, pedestrian and bicycle friendly areas, traffic calming, and freeway noise walls. This may also include streetscape projects including construction of new curbs, gutters and sidewalks; planting street trees and shrubs; constructing both decorative and handicapped accessible crosswalks; constructing new medians with landscaping; adding visual and safety improvements to existing medians; installing street furniture, such as trash receptacles and newspaper racks; and improving area lighting by increasing the number of luminaries, increasing the wattage of individual streetlights or adding pedestrian streetlights.

Improving the infrastructure will help to attract development to the Project Area by eliminating costs that might otherwise be born by the private sector. This should help to increase building activity and improve property values. Furthermore, public improvements such as parking structures will improve the viability of commercial property, helping to compensate for individual property site deficiencies, and lighting improvements will create a safer environment in which to shop and reduce graffiti. The proposed Agency programs for these activities include the Streetscape Master Plan, including Streetscape Improvements in Uptown, Old Oakland/ Chinatown and Lower Broadway, the Broadway Improvement Program and the continued operation and possible new construction of public parking facilities.

V. HOW GOALS, OBJECTIVES, PROJECTS AND EXPENDITURES WILL FULFILL THE LOW/MODERATE-INCOME HOUSING REQUIREMENTS

Implementation Plan Requirements

This Housing Component of the Implementation Plan is required by Article 16.5 of the CRL. (All citations in this portion of the Implementation Plan are to the Health and Safety Code unless otherwise specified.)

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

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

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

Definition of Affordable Housing Cost

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

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

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

- The production and/or replacement of low-mod housing depending upon activities undertaken by an agency within its project areas;
- The set-aside and expenditure of specified amounts of tax increment revenue for the express and exclusive purpose of increasing and improving a community's supply of low-mod housing; and

- Preparing reports on how the agency has met, or preparing plans on how the agency will meet its responsibilities with regard to the first two items.

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

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

- **AREA HOUSING PRODUCTION REQUIREMENTS.** In project areas adopted after January 1, 1976, at least 30 percent of all new and substantially rehabilitated dwelling units developed by a redevelopment agency must be available at affordable housing cost to persons and families of low and moderate income and shall be occupied by these persons and families (Section 33413(b)(1)). At least 15 percent of all new residential dwelling units developed by public or private entities or persons other than the Agency within a project area under the jurisdiction of an agency must be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by these persons or families (Section 33413(b)(2)). At least 15 percent of all substantially rehabilitated units that have received agency assistance must be available at affordable housing cost to persons and families of low or moderate income and shall be occupied by these persons or families (Section 33413(b)(2)(iii)).
- **REPLACEMENT HOUSING REQUIREMENTS.** Suitable locations must be identified for replacement housing units rehabilitated, developed or constructed pursuant to Section 33413(a), if the destruction or removal of low-mod units will result from a project contained in the Implementation Plan (Section 33490(a)(3)).

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

- At least 20 percent of tax increment revenues must be set aside into a low and moderate income housing fund to increase, improve or preserve the community's supply of low and moderate income housing (Section 33334.2).
- The law requires the proportional expenditure of these housing funds on moderate, low, and very-low income housing (Section 33334.4).
- The law requires the transfer of housing funds to other public entities producing housing in the community in some cases if the low and moderate income housing fund has excess surplus (Section 33334.12).
- The law requires the proportional expenditure of housing funds on the same proportion of the population over the age of 65 as reported in the most recent U.S. census (Section 33334.4).

3. Additional Requirements:

The implementation plan must include estimates of the balances and deposits into the low and moderate income housing fund; a housing program identifying expenditures from the housing fund; an indication of housing activity that has occurred in the project area; and estimates of housing units that will be produced in the project area for each of the various income categories.

For project areas that are within six years of the time limit on the effectiveness of their redevelopment plan, the implementation plan must address the ability of the agency to comply with its replacement housing and area production requirements and the disposition of the remaining monies in the low and moderate income housing fund prior to the time limit (Section 33490(a)(4)).

Applicable Low and Moderate Income Housing Requirements

1. Applicable Housing Production Requirements

The date of adoption, the existence of low-mod housing units, and the potential for residential development are the primary determinants of the practical applicability of the various housing provisions of the CRL. The low-mod housing provisions as applied to the Project Area are discussed below:

a. Replacement Housing Obligation

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

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

b. Housing Production Obligation

Because the Redevelopment Plan was adopted prior to 1976, the Agency is not required to comply with the housing unit production requirement of the CRL Section 33413(b).

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

a. Set-Aside of Tax Increment

The Agency must comply with the Section 33334.2 requirement to allocate 20 percent of the gross tax increment (“Set-Aside”) to affordable housing activities. The Set-Aside is required to be deposited into the Agency’s Low and Moderate Income Housing Fund (the “Housing Fund”) created to hold the monies until expended.

The Redevelopment Agency has adopted a general policy that 25 percent of all tax increment be allocated to the Housing Fund, subject to certain conditions. The projections of deposits into the Housing Fund that are included in the following section assume that the 25 percent Set-Aside will be deposited into the Housing Fund in each of the years covered by the Implementation Plan except for 2009-10 and 2010-11, where some or all of the voluntary 5% increase may be used to make State-mandated payments to the Supplemental Educational Revenue Augmentation Fund if that requirement survives a pending legal challenge.

b. Proportional Expenditures of Housing Fund Monies

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

c. Very-Low and Low Income Housing Expenditures

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

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

Therefore, the CRL requires for Oakland that at least 27 percent of the Housing Fund monies dedicated to projects and programs be spent on housing for very-low income households. In addition, at least 29 percent of these funds must be spent on housing

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

The Agency will allocate its funds in such a way that these percentages are met over the ten-year period from 2009 through 2019. In addition, the City or other entities may provide assistance for the construction of units affordable to very low and low income households that may also be counted toward meeting the proportionality requirements of Section 33334.4.

d. Age Restricted Housing Expenditures

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

Age Category	Percentage of Funds
Senior	10.5% Maximum
Unrestricted	89.5%
Total	

The Agency will ensure that over the term of this Implementation Plan from 2009 through 2014, not more than 10.5 percent of its expenditures on affordable housing projects are for projects exclusively serving seniors.

e. Transfer of Housing Funds to Other Providers

The Housing Fund is subject to CRL provisions requiring the transfer of housing funds to other housing producers in the Oakland area under certain circumstances. For example, such transfers could possibly occur if the Housing Fund had "excess surplus", meaning any unexpended and unencumbered amount in the Fund that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the Housing Fund during the preceding four fiscal years.

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

3. Housing Goals and Objectives of the Implementation Plan

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

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

4. Estimated Housing Fund Revenues and Expenditures

The following table presents the projected future deposits into the Housing Fund. As shown below, \$67,987,747 in revenues are projected to be available over the five-year term of this Implementation Plan.

**Estimate Housing Set-Aside Revenue
2009-2014**

Plan Year	Fiscal Year	Housing Set Aside
1	2009-10 ²	\$11,818,852
2	2010-11	\$13,968,380
3	2011-12	\$15,295,069
4	2012-13	\$15,677,446
5	2013-14	\$11,228,000
Total		\$67,987,747

5. Anticipated Housing Program Activities

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

² Note that in fiscal year 2009-2010 the Agency will deposit only 20% -- instead of 25% -- tax increment set-aside into the Housing Fund due to the State of California's requirement that Redevelopment Agencies make an additional deposit to fund education -- into the "Supplemental" Educational Revenue Augmentation Funds (SERAF) account. In FY 2010-11, the Agency will deposit approximately 23% of the projected gross increment for the project area in order to make the required SERAF payment.

a. Production

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

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

b. Rehabilitation

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

c. Affordability Assistance

The Agency may provide direct subsidies to lower the cost of producing housing or first-time homebuyer programs to assist very-low to moderate income families with mortgage assistance for the purchase of a home. The latter can take the form of a deferred loan with a low interest rate and equity sharing provisions. When the home is sold, the loan and equity share would be used to help another first-time homebuyer.

d. Preservation of Existing Affordable Housing

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

6. Allocation of Housing Funds over Previous Implementation Period

While Agency funds are tracked individually for each project area, the funds from all of the Agency's project areas are combined into a single Low and Moderate Income Housing Fund (except for West Oakland and Central City East, both of which restrict the use of housing funds to their Project Areas). The Agency has made findings that affordable housing

activities in any part of the City are of benefit to all of the redevelopment project areas. As a result, Low and Moderate Income Housing Funds may be used both inside and outside the Project Area. In addition, the City of Oakland also provides assistance for the development, improvement and preservation of affordable housing.

The tables on the following pages provide information for the previous implementation plan period, 2004-2009, regarding:

- the amounts of Low and Moderate Income Housing Fund moneys utilized to assist units affordable to, and occupied by, extremely low income households, very low income households, and low-income households, including units available to families with children; and
- the number, the location, and level of affordability of units newly constructed with other locally controlled government assistance and without Agency assistance and that are required to be affordable to, and occupied by, persons of low, very low, or extremely low income for at least 55 years for rental housing or 45 years for homeownership housing

Redevelopment Agency Assisted Housing Activities Completed or Underway, 2004 - 2009

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level (2)				Agency Funding (1)
				Very Low	Low	Moderate	Above Moderate	
1574-1590 7th Street	Homeownership	Underway	West Oakland			2	3	\$ 127,327
3701 Martin Luther King, Jr. Way	Homeownership	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 109,909
3829 Martin Luther King, Jr. Way	TBD	Underway	Broadway/MacArthur	TBD	TBD	TBD	TBD	\$ 52,000
6 th & Oak Streets	Seniors	Underway	Central District		69			\$ 3,699,656
720 E. 11 th Street Project	Families	Underway	Central City East	30	24			\$ 4,859,833
Altenheim Phase I	Senior	2007	None	39	53		1	\$ 4,084,660
Altenheim Phase II	Seniors	Underway	None	48	32		1	\$ 1,753,000
Byron Avenue Homes	Homeownership	Underway	Central City East	4	4	2		\$ 386,550
California Hotel	Special Needs	Underway	West Oakland	149				\$ 600,000
Drachma, Inc (14 unit scattered site)	Families	Underway	West Oakland	14				\$ 840,000
East Side Arts and Housing	Families	2006	Coliseum	4	12		2	\$ 1,130,000
Eastmont Court	Disabled or HIV/AIDS	2005	Central City East	18			1	\$ 1,427,000
Edes Avenue Homes, Phase A	Homeownership	2008	Coliseum		26			\$ 2,517,000
Edes Avenue Homes, Phase B	Homeownership	Underway	Coliseum		13	15		\$ 3,601,000
Effie's House	Families	Underway	None	4	17			\$ 1,257,000
Eldridge Gonaway	Families	Underway	Central City East		39		1	\$ 1,655,000
Emancipation Village	Special Needs	Underway	None	35			2	\$ 1,652,000
Fairmount Apartments	Families	Underway	None	30			1	\$ 3,400,000
Faith Housing	TBD	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 689,598
Foothill Plaza Apartments	Families	Underway	Central City East	53			1	\$ 2,910,000
Fox Courts	Families	2009	Central District	40	39		1	\$ 4,950,000
Golf Links	Homeownership	2009	None			3	7	\$ 584,000
Harrison Senior	Senior	Underway	Central District		73			\$ 5,133,000
Hills Elmhurst Plaza Senior Housing	Senior	Underway	Coliseum		63		1	\$ 6,032,000
Hugh Taylor	SRO	Underway	Central City East	42				\$ 1,222,000
Ironhorse at Central Station	Families	2009	Oakland Army Base		98		1	\$ 8,379,000
Jack London Gateway	Senior	2009	Acorn	24	36		1	\$ 4,900,000
Lincoln Court	Senior	2006	None	81			1	\$ 2,000,000
Lion Creek Crossings, Phase I	Families	2005	Coliseum	14	56			\$ 1,500,000
Lion Creek Crossings, Phase III	Families	2008	Coliseum		58		1	\$ 3,000,000
Lion Creek Crossings, Phase IV	Families	Underway	Coliseum	50			1	\$ 2,980,547

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level (2)				Agency Funding (1)
				Very Low	Low	Moderate	Above Moderate	
MacArthur Homes (3801-3807 MLK Jr. Way)	Homeownership	Underway	Broadway/MacArthur	TBD	TBD	TBD	TBD	\$ 800,000
Madison Street Lofts	Families	2008	Central District	78			1	\$ 4,522,915
Mandela Gateway Rental	Families	2005	West Oakland	60	60		2	\$ 2,500,000
Mandela Gateway Townhomes	Families	2008	West Oakland		8	6		\$ 1,479,100
Marin Way Court	Families	Underway	Coliseum		19		1	\$ 1,200,000
Mortgage Assistance Program ³	Homeownership	multiple	Citywide	47	242	2	1	\$13,451,314
Oak Park Homes	Families	2004	Central City East	34			1	\$ 3,419,000
Oak Street Terrace Senior	Senior	2004	Central District	16	22		1	\$ 2,072,000
Oaks Hotel	SRO and Special Needs	Underway	Central District	85				\$ 1,100,000
Orchards on Foothill	Senior	2008	Central City East	64			1	\$ 1,025,000
Palm Court	Homeownership	2005	Acorn		12			\$ 855,400
Palm Villas Residential Project	Homeownership	2005	Central City East			78		\$ 5,353,000
Percy Abrams Jr. Senior	Senior	2006	None	44				\$ 1,000,000
Posada de Colores	Senior	Underway	Central City East	99			1	\$ 450,000
Project Pride	Transitional	Underway	West Oakland	42				\$ 1,600,000
Redwood Hill	Homeownership	Underway	None		8	9		\$ 2,310,000
Saint Joseph's Family Phase IIb	Families	Underway	Coliseum	54	4			\$ 3,019,656
Saint Joseph's Family Phase IIa	Families	Underway	Coliseum			16		\$ 3,584,000
Saint Joseph's Senior	Senior	Underway	Coliseum	42	25		1	\$ 4,639,000
Saint Patrick's Terrace	Senior	Underway	West Oakland		65			\$ 753,600
Sausal Creek	Homeownership	2008	None			17		\$ 3,980,000
Seven Directions	Families	2009	Coliseum	23	12		1	\$ 3,289,000
Slim Jenkins	Families	Underway	West Oakland	27		3	2	\$ 1,920,000
Southlake Towers	Seniors	2004	Central District	26	103		1	\$ 445,300
Tassafaronga Homeownership	Homeownership	Underway	Coliseum		17	5		\$ 1,868,000
Tassafaronga Village Rental Phase I	Families	Underway	Coliseum		50			\$ 3,000,000

(1) Agency Funding includes all funding provided from Low and Moderate Income Housing Fund over the life of the project. Some funding may have been provided prior to 2004.

(2) TBD = "to be determined" – specific affordability levels have not yet been established.

³ Represents fiscal years 2004-2005 through 2008-2009.

**Housing Units Newly Constructed in Redevelopment Project Areas,
Assisted With Locally-Controlled Government Assistance and
No Redevelopment Agency Low & Moderate Income Housing Financing, 2004 - 2009**

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level			
				Very Low	Low	Moderate	Above Moderate
Lion Creek Crossings, Phase II	Families	2007	Coliseum	63	29		
Nathan A. Miley Senior Housing Community	Senior	2007	Central City East	50	19		
Uptown Project – Parcel 1	Families	2008	Central District	55		15	185
Uptown Project – Parcel 2	Families	2007	Central District	44		9	140
Uptown Project – Parcel 3	Families	2008	Central District	34		9	174
Wang Scattered Site – 901 70 th St.	Homeownership	2004	Coliseum		1		
Wang Scattered Site – 1311 Campbell Street	Homeownership	2005	West Oakland		1		

7. Time Limits and Compliance with Housing Obligations

Per Section 33490(a)(4), there are fewer than six years until the Agency reaches the time limit on the effectiveness of the Redevelopment Plan. Since there are no planned projects in the Project Area that would create a replacement housing obligation, and since area production requirements do not apply to the Project Area, there is no issue with complying with these statutory requirements prior to the time limit. Since all of the Agency's housing setaside funds are pooled into one Citywide Low and Moderate Income Housing Fund, the housing setaside funds generated by the Project Area will continue to remain with the Low and Moderate Income Housing Fund upon expiration of the time limits.