

**CENTRAL DISTRICT REDEVELOPMENT PROJECT
FIVE-YEAR IMPLEMENTATION PLAN
2004-2009**

I. BACKGROUND AND INTRODUCTION

The Central District Urban Renewal Plan (“CDURP” or “Redevelopment Plan”) was adopted by the Oakland City Council on June 12, 1969, and subsequently amended on a number of occasions since. The CDURP designates four “activity areas”: (1) City Center, (2) Chinatown, (3) Victorian Row/Old Oakland, and (4) Uptown. The Central District Project Area is bounded by I-980, Lake Merritt, 27th Street, and the Embarcadero, and encompasses approximately 250 blocks (828 acres), including the entire Central Business District and surrounding neighborhoods. The Central District Project Area is an economic and transportation hub of the San Francisco-Oakland Metropolitan Area. It contains nearly 30 office buildings of more than 100,000 square feet each, with approximately 9.5 million total square feet. The Central District Project Area is also the heart of the Bay Area Rapid Transit (BART) system, with three stations located within its boundaries. More than forty AC Transit bus lines connect the Central District Project Area with other parts of Oakland and nearby communities.

This Implementation Plan includes two separate components: a Redevelopment Component and a Housing Component. The Redevelopment Component revisits the goals and objectives of the 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.

II. GOALS AND OBJECTIVES FOR THE PROJECT AREA

The following goals and objectives are included in the CDURP to assist in the elimination of blight within the Central District Project Area:

- 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 Agency will continue to focus its activities during the term of this Implementation Plan on eliminating physical and economic blight conditions by working with the private sector in the redevelopment of vacant and/or underutilized properties, and by supporting and enhancing these development efforts by constructing new public improvements and operating public parking facilities. This Implementation Plan continues to encourage private investments in commercial and residential designated areas.

III. PROJECTS AND EXPENDITURES PROPOSED FOR THE NEXT FIVE YEARS

During the next five years of the Central District Project, the Agency will manage projects and programs that address all of the goals and objectives identified in the Redevelopment Plan.

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 2.5 percent over the 2004 assessed property valuation.

Table 1
Projection of Tax Increment Revenue
Fiscal Years 2004-09
(\$'000s)

	FISCAL YEAR					TOTAL 2004-09
	2004-05	2005-06	2006-07	2007-08	2008-09	
Gross Tax Increment Revenue*	32,751	33,569	34,409	35,269	36,151	172,149
Housing Set-Aside Req't	(8,188)	(8,392)	(8,602)	(8,817)	(9,038)	(43,037)
AB 1290 Pass-through	(158)	(321)	(487)	(657)	(832)	(2,455)
Debt Service	(16,956)	(17,379)	(17,814)	(18,259)	(18,716)	(89,124)
TI Rebate	0	0	(35)	(891)	(1,288)	(2,214)
State Education Funds (ERAF)	(2,897)	(2,897)	0	0	0	(5,794)
Net Tax Increment Revenues**	4,552	4,580	7,471	6,645	6,277	29,525

* Includes administrative costs.

** Excludes personnel services and related overhead.

The total net tax increment revenue that will be available in the Capital Projects Fund for the Project Area between 2004 and 2009 is estimated to be \$29,525,000. Total funding for the 25 percent set-aside into the Low and Moderate Income Housing Fund is estimated to be \$43,037,000.

The proposed projects and program expenditures for the next five years will be funded from projected net tax increment revenues (as described in Table 1 above), 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 2004-05 within certain geographic areas. The table also identifies the other revenue sources that are anticipated to be available from 2005 to 2009. The revenues shown for fiscal years 2005 to 2009, which are not directly generated from net available tax increment, are projections *only* and are contingent upon specific Council authorizations at a later date. Based on the funding allocation for fiscal year 2004-05 and the revenue projections for fiscal years 2005 to 2009, approximately \$41,657,854 is allocated to projects in the Central District-wide area, \$64,859,394 is allocated to projects in the Uptown Area, and \$16,070,539 is allocated to projects in the Downtown Area.

**Table 2. Projection of Capital Expenditures
Central District Project Area
Fiscal Years 2004-09**

Central District Wide	Carry Forward FY2003-04*	Other Revenue FY 2005-2009**	Bond Proceeds	Total Capital
1-1/2% Public Art	770,511			770,511
10K Housing Initiative	511,712		12,000,000	12,511,712
14th & Broadway Transit Center	576,221			576,221
Broadway Improvement Program	90,249			90,249
Business Improvement District (BID)	185,025			185,025
Downtown Capital Project Support	1,160,071	1,200,000		2,360,071
Downtown Façade Improvement Program	1,228,547		1,000,000	2,228,547
Downtown Historic Façade Program	469,605			469,605
Downtown Tenant Improvement Program	589,234		3,000,000	3,589,234
Parking Garage Development			10,000,000	10,000,000
Streetscape Master Plan	1,876,679		7,000,000	8,876,679
Subtotal	\$7,457,854	\$1,200,000	\$33,000,000	\$41,657,854
Uptown				
17th St. & San Pablo Parking Garage	338,663			338,663
Bermuda Building	407,186			407,186
Fox Theater Master Plan	26,419	6,000,000	7,000,000	13,026,419
Fox Theater Maintenance	129,911			129,911
Fox Theater Retail/Office	400,000			400,000
Oakland Ice Center	1,640,000	8,846,000		10,486,000
Touraine Hotel/HRMSC	361,785			361,785
Uptown - Retail Entertainment Catalyst Project	1,885,781			1,885,781
Uptown - Forest City DDA	31,400,000		4,500,000	35,900,000
Uptown - Forest City Residential	1,820,417			1,820,417
Wetmore-Pardee Agreement	103,232			103,232
Subtotal	\$38,513,394	\$14,846,000	\$11,500,000	\$64,859,394
Downtown				
9th and Franklin Garage Operations	115,579	990,000		1,105,579
City Center West Garage Operations	1,352,065	7,800,000		9,152,065
City Center West Garage Debt	1,396,014			1,396,014
Keystone Site - 12th & Broadway	12,224			12,224
Oakland Asian Cultural Center	79,580			79,580
Housewives Market site	409,443			409,443
UC OP Parking Operations	145,634	3,770,000		3,915,634
Subtotal	\$3,510,539	\$12,560,000	\$0	\$16,070,539
GRAND TOTAL	\$49,481,787	\$28,606,000	\$44,500,000	\$122,587,787

* Reflects the sum of the Carry-forward to mid-2004 and the proposed FY 2004-05 allocation.

** Operating revenue plus land sales and interest of approximately \$28,606,000.

The capital expenditure projections for the Project Area during fiscal years 2004-09 specifically target redevelopment activities in the housing, office and retail sectors of the downtown economy, as well as selected public improvements aimed to support these sectors. 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. The following is a partial list of the projects the Agency will pursue over the next five years in furtherance of the goals and objectives of the CDURP.

CENTRAL DISTRICT WIDE

1-1/2% Public Art Program

The Agency's Public Art Program authorizes the allocation of 1-1/2% of capital construction projects for the commissioning of public artwork. Agency funds will be used for artwork as part of the 14th and Broadway Transit Center project, the I-880 Broadway Underpass, for Frank H. Ogawa Plaza, and for public art that will be a part future development projects.

10K Housing Initiative

The 10K Housing Initiative aims to attract ten thousand new residents to the Project Area by working with private developers to build the necessary housing for these new urban dwellers. The Mayor and the City Council have identified this initiative as a major downtown redevelopment effort to re-establish residential areas for all economic levels within specific portions of the Project Area. The Agency works with private developers and property owners to establish partnerships for the redevelopment of existing underutilized sites. The Agency may also acquire suitable sites for redevelopment into housing. Major accomplishments in Fiscal Years 1999-04 include: projects on three sites formerly owned by the Agency and conveyed through disposition and development agreements, of which two are completed (Landmark Place completed January 2004, and the Franklin 88 at 9th & Franklin completed September 2004), and one is under construction (Market Square Homes (Housewives Market), which began construction in June 2003); approval of a Lease Disposition and Development Agreement with Forest City Residential Development West for the Uptown Project in July 2004; and the sale of the City Center T-10 site to the Olson Company for residential development in September 2004. In general, as of July 1, 2004, 14 projects with 1,491 units are completed, seven projects with 372 units are under construction, and 18 projects with 3,114 units in planning. The 10K Housing Initiative will seek new funding for FY 2005-07 to acquire new sites and issue Requests for Proposals. Plans for FY 2004-09 include the completion of existing projects (Housewives Phases I and II, T-10 and Uptown), implementing new Agency projects via land assembly needed for the creation of sites capable of development for new residential developments, and continued marketing and facilitation of new privately-developed projects.

14th and Broadway Transit Center

The goal of this project is to create a more attractive and functional sidewalk between 13th and 17th Streets consistent with the Broadway Streetscape Master Plan, which includes widening sidewalks, spreading out bus stops to reduce crowding, implementing pedestrian safety enhancements, planting new trees and installing benches, trash cans and public art.

Broadway Improvement Program

The Broadway Improvement Program consists of a series of projects that will improve pedestrian and vehicular connections between successful stores, work areas and active districts; improve the prospect for retail serving the growing Downtown employee markets; increase accessibility of merchants to the growing new markets; and improve the pedestrian environment of Broadway. Major accomplishments in FY 1999-04 included: the Downtown business alert program, the Artship displays in vacant windows, and operation of the Oakland Tours program. Plans for FY 2003-05 include continuation of the programs using funds carried forward from prior years.

Downtown Business Improvement District (BID)

The purpose of a Downtown BID is to strengthen the perception of downtown Oakland as a place to work, shop, and conduct business. A BID will enhance the services provided by private and public sources to promote and market the Downtown area. Major accomplishments during the last two years included completion of a feasibility study of a BID for Chinatown and Old Oakland. The study recommended the formation of a BID in Old Oakland. Current plans for the period covered by this Implementation Plan include implementation of the BID in Old Oakland and undertaking an additional feasibility study to evaluate the formation of a BID in the Korea Town district in the Project Area. Additionally, clean-up legislation may be needed for Oakland's existing BID Ordinance.

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 five years.

Downtown Façade Improvement Program

The Downtown Façade Improvement Program was created in 1999 and covers Uptown, Old Oakland/Chinatown and Lower Broadway. The Program also includes the Downtown Historic Façade Program, which is discussed in more detail in the Downtown Historic Preservation Incentives Package. The Façade Program provides matching grants and design assistance to existing businesses for the purposes of storefront improvements and façade treatments. The goals of the Façade Program are to promote retail activity, restore the exterior of historic buildings, update and modernize older buildings, improve the pedestrian experience and help support other redevelopment projects by enhancing the general appearance of surrounding properties. Since 1999, 90 projects have been completed, which represents over 30% of buildings in the Downtown. There are an additional 65 projects in the preliminary or design phase. The goal is to complete 30 of these projects and to identify new candidates for the

program.

Downtown Historic Façade Program

This program is focused on encouraging the private sector to restore and reoccupy historic buildings in the downtown area by providing financial incentives through the Downtown Façade Improvement Program. The program provides matching grants and architectural services for properties within the Historic District boundaries in the center of Downtown Oakland. In addition to matching grants the program provides some additional funding for historic restoration without requiring a match. The Downtown Historic District Façade Program currently has 34 projects in various phases of development. 18 projects are complete and the rest are either in the preliminary or design phase. These projects will be completed over the course of the next five years.

The Downtown Tenant Improvement Program (TIP)

The Downtown TIP provides incentives to attract retail, restaurants, arts and entertainment businesses to targeted locations in the Project Area. While the market for retail in Downtown Oakland 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, electrical systems, and restoration of interior historic design features. The TIP can be used separately or with the existing Downtown Façade Improvement Program. The program started in September of 2003 and has been highly successful. There are 192 storefronts in the targeted area of which 54 storefronts or 28 percent are vacant. The goal of the program for 2004-2009 is to reduce this vacancy rate by at least 50 percent.

Parking Garage Development

The Agency is evaluating the need for additional public parking facilities throughout the Project Area. This may involve enlarging the existing City-owned garage at the corner of Thomas L. Berkeley Way and Telegraph, or acquiring a site for a new parking garage in the Project Area. The Agency intends to complete this project during the five -year Implementation Plan period.

Streetscape Master Plan

The streetscape master plan calls for the construction of public improvements to compliment existing and future redevelopment projects, and attract new public and private investment in the Project Area. The recommendations of the master plan are based on the goal of achieving 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 planned improvements include 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, upgrading traffic upgrades, and creating bicycle lanes. These on-going projects are matched by State Transportation Grant funds. All projects are based on the findings and

recommendations of the Downtown Streetscape Master Plan. On-going projects include the following: Broadway Phase II Improvements (5 blocks, 11th to 17th Streets); Broadway Phase III (17th to 20th Streets); Telegraph Avenue (16th to 20th Streets- both sides); Latham Square Redesign; and Old Oakland (Washington 7th to 9th Streets). New projects that will be completed during the Implementation Plan period include: Broadway Improvements (Thomas L. Berkeley Way to Grand Ave); Telegraph Avenue Improvements (Thomas L. Berkeley Way to West Grand); and Chinatown (Webster Street bulb-outs and three block faces on 9th Street).

UPTOWN

17th Street and San Pablo Parking Garage

This project involves the design and construction of a 325-space garage to provide parking for the Rotunda Building, Civic Center Administration Complex, and other commercial and public buildings in the vicinity. The garage will include up to 5,000 square feet of commercial space. Major accomplishments in FY 1999-2004 included continued site acquisition and preparation, completion of an Environmental Impact Report (EIR), completion of the design of the garage and planning approvals, and approval of a Disposition and Development Agreement with Rotunda Garage LP. Plans for 2004-09 include finalize financing, complete construction documents, bid the construction, transfer the land, start and complete construction, and begin operation of the garage.

Bermuda Building

The Agency is working with a private developer to redevelop a property located at 2150 Franklin Street into a 100,000 to 150,000 square-foot Class A office building. Given the economic downturn in the commercial office market, it is anticipated that a new office building will not start construction until 2008. Accomplishments during 1999-2004 include demolition of an existing hazardous structure and completion of the eminent domain process for the project.

Fox Theater Master Plan, Renovation and Maintenance

This is an on-going project that will result in the renovation of the historic Fox Theater into a performing arts center and the new home for the Oakland School for the Arts. During 1999-2004, the Agency worked with a consultant to prepare a comprehensive redevelopment master plan for the facility which evaluated a number of different use options, as well the various cost estimates associated with the implementation of each option. The Agency entered into a consultant contract to prepare preliminary drawings and cost estimates for the rehabilitation of the theater and the wrap-around buildings, and estimates indicate total development costs of approximately \$24 million. Alternative sources and combinations of funds for this project are being analyzed (private grants, historic rehabilitation tax credits, conventional financing and Agency funding), and will go to Council for review in the fall of 2004. Agency funding for this project will be significant, and it is anticipated that the Agency's funding will be somewhere between \$7 million and \$13 million. In either case, funding will depend on the Agency's successful issuance of a tax allocation bonds in late 2004 or early 2005.

Oakland Ice Center Operations

The Oakland Ice Center supports development in the Uptown area by providing an attractive ice skating facility that attracts people to this part of the Project Area, especially on evenings and weekends. The Oakland Ice Center contributes to the establishment of the Project Area as an important cultural and entertainment center. Major accomplishments during Fiscal Years 2001-04 include the following capital improvements to improve efficiency, appearance and operations: new scoreboards, two new ice resurfacing machines, a new point-of-sales accounting system, and interior painting. The Ice Center has averaged gross revenues of \$1.6 million and total expenses of \$1.65 million during the last three fiscal years necessitating the payment of an average annual subsidy of \$55,000 by the Agency during the period.

*Note - For the past several years at least, all gross revenues from the facility have been deposited in an Agency account and all operating expenses are paid from that account. The \$8.8 million that is projected above for the next 4 fiscal years was projected by increasing the \$1.7 million of gross revenue projected for Fiscal Year 2004-05 by 2% each of the following four years. It is assumed that total expenditures for operations for the next years will not exceed gross revenue based upon the \$5,600 surplus of revenue over expenses projected for fiscal year 2004-05.

Touraine Hotel/Henry J. Robinson Multi-Service Center

The Henry J. Robinson Multi-Service Center provides economic benefits to disadvantaged persons living within or near the Project Area by operating major transitional housing, emergency shelter and drop-in programs for the homeless population in Oakland. The Center provides transitional housing for up to 54 families, and gives homeless individuals the opportunity to stabilize their lives while undertaking, through case management, the work they need to do in order to become productive citizens living in permanent housing. The Center also provides 30 shelter beds, a drop-in center, and an award-winning program for children. The project is grant funded. The Agency receives income from the use of the center, which is applied to fund capital improvements to the facility. Major accomplishments in 1999-04 included improvements to the building's structural and security systems, health and safety system repairs, as well as improvements to social services provided at the Center. Plans for FY 2004-09 include continued building upgrades and an expansion of the Children's Services Department.

Uptown Project

The Agency has worked with Forest City Residential West, Inc. (also known as Uptown Partners, LLC) to redevelop a couple of super blocks located in the Uptown area. Forest City's proposal includes a transit-oriented development of 700 rental apartments, of which 20 percent (140 units) will be affordable to households earning 50 percent or less of the area's median income (AMI) for a period of 55 years, and five percent (35 units) of the 700 units will be affordable to households earning incomes not exceeding 120 percent of AMI for a period of 55 years. There will also be 14,500 square feet of neighborhood-serving retail and a 25,000 square foot public park. Major accomplishments in 1999-2004 include: approval of Exclusive Negotiation Agreement (ENA); certification of Environmental Impact Report (EIR); and approval of a Lease Disposition and Development Agreement (LDDA) in July 2004.

Construction of Phase I of the project, with 590 units will commence in the summer of 2005. Phase II with 110 units will start in the fall of 2007. Project completion is anticipated by the beginning of 2009. During the five-year Implementation Plan period, the Agency will be responsible for the completion of site assembly, approve and fund all off-site improvements and hazardous materials abatement, as well as provide direct financing assistance in the amount of \$8.3 million.

The Agency will also issue a Request for Proposals for the development of a 70-unit affordable rental housing project in the Uptown area. The Agency will provide a clean site at no cost to the developer, cause the construction of all off-site improvements, and also provide gap financing to ensure the financial feasibility of the project.

DOWNTOWN

9th and Franklin Garage (Operation of public parking at Arioso – 10K Housing Project)

This garage was completed in October of 2004 and provides public parking in Oakland's Chinatown. The garage also serves as the overflow garage for the adjacent Courtyard by Marriott Hotel. During the Five-Year Implementation Plan period, the garage will likely require on-going financial support from the Agency for operation and common area maintenance reserves and fees.

City Center Garage West (Operations & Debt Service)

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. Annual revenue averaged \$1.95 million during FY 2001-04, down slightly from the peak \$2 million total revenue generated in FY 2000-01. FY 2003-04 total revenue actually equaled the \$1.95 million three-year average.

Keystone Site – 12th & Broadway

The previous Disposition and Development Agreement providing for construction of a hotel on this site has been terminated. The Agency is working with a new developer to start construction on a new project in 2006. This project includes possible new construction of an office building and retail space, and the rehabilitation of an historic office building. There will be no Agency funds contributed to this effort; however, the Agency will enter into an Owner Participation Agreement to oversee the implementation of the project.

Oakland Asian Cultural Center

The Oakland Asian Cultural Center (OACC) is a cultural facility that the Agency sponsored as part of the Pacific Renaissance Plaza Project. In FY 2003-04, the Agency terminated its agreement with the original operator of the center and following a RFP process selected Asian Pacific Islander Cultural Center as the new operator. Plans for 2004-09 include developing

programming for and accessibility to the facility for cultural activities promoting Oakland's Asian and Pacific Islander community.

Housewives Market Site (Market Square Homes)

A.F. Evans Development, Inc. is developing 174 units of market rate for-sale housing to be built in two phases (116 units in Phase I), with 28 ground floor micro-lofts (14 in Phase I) that may be used for live-work, work-live, office, residential, or retail uses on the site formerly occupied by the old Housewives Market. Major accomplishments in FY 1999-04 included site acquisition, demolition of the four buildings on the site, completion of all environmental remediation and approval thereof by the state regulatory agencies, completion of construction documents and building permits, and starting construction of Phase I. Plans for FY 2004-09 include: complete construction of Phase I in early 2005; and commence and complete Phase II.

UC Office of President Parking Operations

The Agency owns and operates public parking in the UCOP Building at 11th, 12th and Franklin Streets. The garage generated \$498,599 in net revenue in FY 2001-04 on gross revenue of \$915,120. In early FY 2004-05, the City and Agency solicited and reviewed responses to a request for proposals for a master-parking operator for major Agency and City parking assets, including the UCOP Garage, in order to enhance revenues and operational standards for these facilities. A master-parking operator is expected to be selected in FY 2004-05.

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

The Agency proposes to continue to focus its activities in the next 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:

- Assemble large areas of 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 capable of development for new uses. Through an Owner Participation Agreement (OPA) or Disposition and Development Agreement (DDA), the Redevelopment Agency may provide land write downs or may grant or loan money to assist new retail, commercial, or housing development or expansion of existing facilities. Projects that include this activity are: Uptown Project (Forest City) and the 10K Housing Initiative.

- 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 (obsolete) appearance of retail and commercial buildings and surrounding sites, more patrons will be attracted to the area, which will improve retail sales. The increased business activity should attract new businesses to the Project Area. Also, by improving the buildings, property values should increase.
- 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, undergrounding 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, freeway noise walls, and many other assorted capital projects. This may also include streetscape projects including constructing new curbs, gutters and sidewalks where they do not exist or where broken curbs, gutters and sidewalks require replacement; 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

A. Implementation Plan Requirements

This Housing Component of the Implementation Plan is required by Article 16.5 of the California Redevelopment Law ("CRL") as contained in Sections 33000, *et seq.*, of the California Health and Safety Code. (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-income and moderate-income are defined in the CRL by reference to Section 50093, which specifies the following income levels:

- Moderate-income is defined as a household income from 80 percent to 120 percent of median income for the applicable household size (Section 50093);
- Low-income is defined as an income from 50 percent to 80 percent of median income for the applicable household size (Section 50079.5); and
- Very low-income is defined as an 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 the 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:

- The requirement that, for certain project areas, at least 30 percent of all new and substantially rehabilitated dwelling units developed by a redevelopment agency over a 10-year period must be available at affordable housing cost to persons and families of low- and moderate-income, and must be occupied by these persons and families (Section 33413(b)(1)). At least 50 percent of these units must be available to very low-income households.
- The requirement that, for certain project areas, at least 15 percent of all new residential units dwelling units developed within a project area under the jurisdiction of an agency by public or private entities or persons other than the agency over a 10-year period must be available at affordable housing cost to persons and families of low- or moderate-income, and must be occupied by these persons or families (Section 33413(b)(2)). At least 40 percent of these units must be available to very low-income households.
- The requirement that, for certain project areas, at least 15 percent of all substantially rehabilitated units that have received agency assistance over a 10-year period must be available at affordable housing cost to persons and families of low or moderate-income, and must be occupied by these persons or families (Section 33413(b)(2)(iii)). At least 40 percent of these units must be available to very low-income households.
- The requirement that an agency must replace, on a one-for-one basis, all units destroyed or removed from the low- and moderate-income housing stock caused by agency activities in a project area, within four years of the destruction or removal (Section 33413(a)). 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.

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

- The requirement to set-aside at least 20 percent of tax increment revenue into a Low and Moderate Income Housing Fund to increase, improve, and preserve the community's supply of low-mod housing at an affordable housing cost (Sections 33334.2 and 33334.6).
- The proportional expenditure of Low and Moderate Income Housing Funds on moderate, low-, and very low-income housing and family housing (Section 33334.4).
- The transfer of housing funds to other public entities producing housing in the community (a possible outcome of the provisions of Sections 33334.12 et seq.).

3. Additional Requirements:

- Estimates of the balances and deposits into the Low and Moderate Income Housing Fund.
- A housing program identifying expenditures from the Low and Moderate Income Housing Fund.
- An indication of housing activity that has occurred in the project area.
- Estimates of housing units that will be produced in the project area for each of the various income categories.

B. Applicable Low- and Moderate-Income Housing Requirements

1. Applicable Housing Production Requirements

The date of adoption of the redevelopment plan, the existence of low-mod housing units, and the potential for residential development are the primary determinants of the legal and practical applicability of the various housing provisions of the CRL. Only the low-mod housing provisions applicable to the Central District Project Area are discussed below:

a. Replacement Housing Obligation

In connection with the Uptown Project, which will be assisted by the Agency, the Westerner Hotel, located at 1918 – 1954 San Pablo Avenue, will be demolished. This structure contains 33 very low-income housing units. The Agency has adopted a Replacement Housing Plan that specifies that those units will be replaced within the Uptown Project itself, with 33 units that will be affordable to very low-income households.

b. Housing Production Obligation

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

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

a. Set-Aside of Tax Increment

The Agency must comply with the Section 33334.2 and 33334.6 requirement to allocate at least 20 percent of the gross tax increment from the Central District Project Area to affordable housing activities. The set-aside is required to be deposited into a Low and Moderate Income Housing Fund created to hold the monies until expended.

However, the Redevelopment Agency has adopted a policy by resolution that 25 percent of all tax increment revenue from each project area be allocated to the Low and Moderate Income Housing Fund, if certain conditions are met. The projections of deposits into the Low and Moderate Income Housing Fund from the Central District Project Area that are included in the following section assume that the full 25 percent set-aside will be deposited into the Low and Moderate Income Housing Fund in each of the years covered by this Implementation Plan.

b. Proportional Expenditures of Housing Fund Monies

The Central District Project Area is subject to the Section 33334.4 requirement that the Agency expend Low and Moderate Income 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 through the termination of the Project Area life. These tests do not have to be met on an annual basis.

1) Very Low- and Low-Income Housing Expenditures

The income proportionality test requires the Agency to expend Low and Moderate Income Housing 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 2000 Regional Housing Needs Assessment (RHNA) prepared by the Association of Bay Area Governments. Based on the 2000 RHNA for the City of Oakland, the Agency’s minimum required allocation for very low- and low-income expenditures, and maximum moderate-income housing expenditures are:

Category	RHNA	Threshold
Very Low-Income	2,238	At least 43%
Low-Income	969	At least 19%
Moderate-Income	1,959	No more than 38%
Total	5,166	

Section 33334.4 requires that at least 43 percent of the Low and Moderate Income Housing Fund monies from the Central District Project Area dedicated to projects and programs be spent on housing for very low-income households. In addition, at least 19 percent of these funds must be spent on housing for low-income households, and no more than 38 percent of the funds can be spent on 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 can provide a disproportionate amount of funding for low-income housing by reducing the amount of funds allocated to moderate-income households. In no event can the expenditures targeted to moderate-income households exceed the established threshold amount.

The Agency will allocate Central District Low and Moderate Income Housing Funds in such a way that these percentages are met over the ten-year period from 2004

through 2014. In addition, the City and 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 requirements of Section 33334.4.

2) 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 from Low and Moderate Income Housing Fund monies from the Central District Project Area must be spent to assist projects that do not impose age restrictions on the residents. The following summarizes the allocation of Low and Moderate Income Housing Fund monies.

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

The Agency will ensure that over the ten-year period from 2004 through 2014, not more than 10.5 percent of its expenditures on affordable housing projects from Low and Moderate Income Housing Fund monies from the Central District Project Area are for projects that exclusively serve seniors.

c. Transfer of Housing Funds to Other Providers

The Project Area is subject to the CRL provisions requiring the transfer of housing funds to other housing producers in the Oakland area in certain circumstances. Such transfers could possibly occur if the Low and Moderate Income Housing Fund contains "excess surplus." Excess surplus means any unexpended and unencumbered amount in a project area's Low and Moderate Income Housing Fund that exceeds the greater of \$1,000,000 or the aggregate amount deposited into the Low and Moderate Income Housing Fund during the project's preceding four fiscal years.

The Agency does not anticipate having an excess surplus during the current Implementation Plan cycle or throughout the subsequent remaining Central District Project 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 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 10 years, while the proportionality tests must be achieved over the next 10 years, and then again through the end of the Project 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 remaining term of the Project, to comply with the applicable requirements.

4. Estimated Housing Fund Revenues and Expenditures

The following table presents the projected future deposits into the Low and Moderate Income Housing Fund from the Central District Project Area. As shown below, \$42,655,000 in revenues are projected to be available over the five-year term of this Implementation Plan.

**Estimated Housing Set-Aside Revenue
2004-2009
(in thousands of dollars)**

Plan Year	Fiscal Year	Housing Set Aside
1	2004-05	\$8,115
2	2005-06	\$8,318
3	2006-07	\$8,526
4	2007-08	\$8,739
5	2008-09	\$8,957
Total		\$42,655

5. Anticipated Housing Program Activities

The Agency may assist in a variety of programs to increase, improve and preserve affordable housing in the Project Area or the City of Oakland, such as the following:

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 improving the neighborhood. Additionally, such programs can be extended to owners of rentals 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 the 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 housing set-aside 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. The Agency has made findings that affordable housing activities in any part of the City of Oakland are of benefit to all of the redevelopment project areas. As a result, Low and Moderate Income Housing Funds from the Central District Project Area may be used both inside and outside the Project Area. In addition, the City of Oakland also provides assistance from its own funds for the development, improvement and preservation of affordable housing.

The tables on the following page provides information for the period 1999-2004 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 the level of affordability of units newly constructed with other locally-controlled government assistance and without Agency housing fund 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, 1999 - 2004

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level (2)				Agency Funding (1)
				Very Low	Low	Moderate	Above Moderate	
10211 Byron	Families	Underway	Central City East	TBD	TBD	TBD	TBD	\$ 386,550
1574-1590 7th Street	Families	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 136,846
2001 Linden Street	TBD	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 148,500
3701 MLK Jr.	Families	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 109,510
5825 Foothill	Homeownership	Underway	Central City East	TBD	TBD	TBD	TBD	\$ 701,000
Adeline Lofts	Families	2002	West Oakland	31	6			\$ 70,179
Allen Temple Gardens	Seniors	2001	Coliseum	49			1	\$ 1,951,000
Altenheim Phase I	Senior	Underway	None	66			1	\$ 1,778,560
Calaveras Townhomes	Homeownership	Underway	None				28	\$ 3,858,500
Casa Velasco	Seniors	2003	Central City East	20				\$ 908,000
Chestnut Court Ownership	Homeownership	2003	Oak Center and none		15			\$ 1,727,000
Chestnut Court Rental	Families	2003	Oak Center		71		1	\$ 2,976,000
Coliseum Gardens Phase I	Families	Underway	Coliseum	91	22		2	\$ 1,500,000
Courtyards at Acorn	Families	2000	Acorn		87			\$ 604,500
CURA-North	Disabled or HIV/AIDS	2001	None	8				\$ 587,876
Drachma	Families	2003	West Oakland	19				\$ 1,712,000
Eastmont Court	Disabled or HIV/AIDS	Underway	Central City East	18			1	\$ 1,427,000
Edes Avenue Homes	Homeownership	Underway	Coliseum		26			\$ 2,075,000
Effie's House	Families	1999	None	4	16			\$ 225,000
Faith Housing	Families	Underway	West Oakland	TBD	TBD	TBD	TBD	\$ 689,598
Habitat Fruitvale Homes	Homeownership	2003	None		4			\$ 112,000
Habitat Village	Homeownership	2001	Coliseum		40			\$ 981,048
Horizon Townhomes	Homeownership	Underway	Central City East		4	10		\$ 1,767,000
Irene Cooper Terrace	Seniors	2000	Central City East	39			1	\$ 560,000
Lake Merritt Apartments	Senior	2004	Central City East	11	43		1	\$ 1,900,000
Leola Terrace II	Homeownership	Underway	Central City East		8			\$ 200,000
Lincoln Court	Senior	Underway	None	24	57			\$ 2,000,000
Linden Court Rental	Families	2003	West Oakland		78		1	\$ 3,224,000
Madison Lofts	Families	Underway	Central District	TBD	TBD	TBD	TBD	\$ 1,498,000
Mandela Gateway Ownership	Homeownership	Underway	West Oakland		8	6		\$ 1,146,100
Mandela Gateway Rental	Families	Underway	West Oakland	95	71		2	\$ 2,500,000
MLK MacArthur BART Sr.	Senior	Underway	Broadway/MacArthur/San Pablo	32			1	\$ 2,080,850
MLK Plaza Homes	Homeownership	2002	None		6	5		\$ 1,287,175
Mortgage Assistance Program	Homeownership	multiple	Citywide	51	225	11		\$11,000,000
Northgate Apartments	Families	2003	None	21	20		1	\$ 349,229
Oak Park Homes	Families	Underway	Central City East	16	18		1	\$ 3,419,000
Oak Street Terrace Senior	Senior	Underway	Central District	21	17		1	\$ 2,072,000
Oakland Point Limited Partnership	Families	2002	West Oakland	31				\$ 1,451,606
Palm Court	Homeownership	Underway	Acorn		12			\$ 855,400
Palm Villa	Homeownership	2003	None		78			\$ 6,725,000
Percy Abrams Jr. Senior	Senior	Underway	None	43			1	\$ 1,000,000
San Pablo Gateway	Homeownership	2000	Broadway/MacArthur/San		7	10		\$ 1,473,792

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level (2)				Agency Funding (1)
				Very Low	Low	Moderate	Above Moderate	
			Pablo					
Santana	Families	2004	Central City East	30				\$ 713,000
Sausal Creek	Homeownership	Underway	None		9	8		\$ 2,329,000
Seven Directions	Families	Underway	Coliseum	24	13		1	\$ 3,289,000
Southlake Towers	Senior		Central District	26	103		1	\$ 445,300
Sylvester Rutledge Manor (North Oakland Senior)	Seniors	2003	West Oakland	64			1	\$ 2,551,750
Town Center at Acorn	Families	2000	Acorn	102	104			\$ 250,000
UniDev	Families	Underway	Citywide	TBD	TBD	TBD	TBD	\$ 25,000

(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 1999.

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

**Housing Units Newly Constructed in Redevelopment Project Areas,
Assisted With Locally-Controlled Government Assistance and
No Redevelopment Agency Housing Financing, 1999 – 2004**

Project Name	Type	Year Built	Project Area	Number of Units at Each Affordability Level (1)			
				Very Low	Low	Moderate	Above Moderate
Allen Temple Manor	Disabled or HIV/AIDS	2001	Coliseum	23			1
Bayporte Village	Homeownership	1999	Acorn		69	2	
Bishop Nichols Senior Housing (Downs)	Seniors	2003	Stanford/Adeline	16			1
Coliseum Gardens Phase II	Families	TBD	Coliseum	39	90		
Coliseum Gardens Phase III	Families	TBD	Coliseum	32	74		
Fruitvale Transit Village	Families	2004	Coliseum	3	7		34
Habitat for Humanity	Homeownership	2001	Coliseum		3		
International Blvd Family Housing	Families	2002	Coliseum and none	4	25		1
NCLT Homeownership Program	Homeownership	2003	West Oakland		4		
Paul Wang (2003 DDA)	Homeownership	2004	Coliseum		1		
Paul Wang II	Homeownership	TBD	Broadway/MacArthur/San Pablo				2
Paul Wang II	Homeownership	2004	Coliseum		2		
Paul Wang II	Homeownership	2004	Coliseum		1		
Paul Wang II	Homeownership	2004	Coliseum				1
Paul Wang II	Homeownership	2004	West Oakland		1		
Paul Wang II	Homeownership	TBD	West Oakland		1		
Paul Wang II	Homeownership	TBD	West Oakland				1
Pukatch Infill Project	Homeownership	TBD	West Oakland				4
RFP Site	Homeownership	TBD	West Oakland	TBD	TBD	TBD	TBD
RFP Site	Homeownership	TBD	West Oakland	TBD	TBD	TBD	TBD
Stanley Avenue Apartments	Families	2003	Coliseum	23			
Swans Market Housing	Families	1999	Central District		18		

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