



ALAMEDA COUNTY COMMUNITY DEVELOPMENT AGENCY

Chris Bazar
Agency Director

Agenda Item_____ May 18, 2021

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May 5, 2020

Honorable Board of Supervisors
Administration Building
1221 Oak Street, Suite 536
Oakland, California 94612

Dear Board Members:

SUBJECT: SELECTION OF DEVELOPMENT TEAM (RELATED CALIFORNIA/EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION) TO DEVELOP THE BROADWAY PROPERTIES, AND AUTHORIZATION TO NEGOTIATE AN EXCLUSIVE NEGOTIATING AGREEMENT

RECOMMENDATION:

- A: Affirm the RFP Selection Committee's recommendation that the Related/EBALDC development team be selected for the development of the County's Broadway properties in Oakland; and
- B: Authorize staff to negotiate an Exclusive Negotiating Agreement with Related/EBALDC, to be reviewed and approved for execution at a subsequent Board meeting

DISCUSSION/SUMMARY:

In August, 2019, your Board directed the General Services Agency to prepare a Request for Proposals (RFP) to qualified developers to ground lease the County's Oakland Broadway properties located on either side of Broadway between 4th and 5th Streets (401 Broadway, 430 Broadway, and 499 5th Street) for a mixed-use development, utilizing Government Code Section 25539.4, which specifies that a minimum of 80% of the development be developed as housing and that a minimum of 40% of the housing units be affordable to very-low and low-income households. In February 2020, your Board directed that the Community Development Agency manage the RFP process.

A Request for Qualifications was issued in July 2020, with over 200 notices sent to affordable and market-rate developers with Oakland experience. Six development teams submitted qualifications, and after a thorough review, a County selection committee selected three development teams to receive an RFP, based on experience and financial capacity.

In November 2020, an RFP was issued to the three qualified development teams. The RFP specified that proposals include development concepts for the two Broadway sites that met the requirements of Government Code Section 25539.4 as well as City of Oakland urban design objectives; with an overall goal of providing as much housing as possible, as quickly as possible and as affordable as possible, with a mix of units and uses to the extent possible. In addition, the RFP asked for plans for community engagement, community benefits, entitlements and a development schedule, as well as detailed pro formas and a financial offer to the County.

Proposals were received by the January 29, 2021 due date from two highly qualified development teams: Carmel Partners/Bridge Housing and Related California/East Bay Asian Local Development Corporation (EBALDC). After reviewing the proposals and interviewing both development teams, the Selection Committee requested additional clarifying information from both teams, which was received in late March 2021. The Selection Committee then evaluated and scored both proposals, utilizing the evaluation criteria contained in the RFP.

While the Carmel/Bridge team provided an excellent proposal with a score of 109 out of a possible 130 points, the Committee gave a score of 120 points to the Related/EBALDC team. The Committee unanimously recommended that Related/EBALDC be selected for the development of both Broadway sites for the following reasons:

- Local history, community connection and knowledge (particularly EBALDC)
- A development team committed to long-term ownership
- A flexible development concept that can be built in stages, as funding and the market dictate
- More affordable units, with a wider range of types and targeted income ranges
- A development concept that offers superior urban design components, including ground-floor activation, public open space, and (potentially) a signature tower.
- Substantial public benefits, potentially including a local market and a non-profit tech equity hub, as well as commitments to local and diverse hiring, prevailing wages and a project labor agreement for construction work.
- Potentially higher returns to the County

A summary of each of the proposals can found in the attachment. It should be noted that both development teams emphasized that their proposals are (necessarily) concepts only at this point and are likely to change substantially in response to a robust community outreach program, the City of Oakland entitlement process and affordable housing funding requirements.

NEXT STEPS:

Should your Board affirm the Selection Committee's recommendation, the next step will be authorization for staff to negotiate an Exclusive Negotiating Agreement (ENA) with Related/EBALDC for the development of both Broadway Properties. The ENA will establish the procedures and standards for the negotiation of a Lease Disposition and Development Agreement (LDDA) and subsequent ground leases; as well as a schedule for the development

team to complete specific tasks, including plans for community engagement and financing, entitlements from the City of Oakland, environmental documents, and the negotiation of a Term Sheet specifying ground lease payments, community benefits and a viable financing plan. Once the ENA has been negotiated and executed by the developers, staff will then return at a future Board meeting requesting authorization for Board execution of the ENA.


FINANCING:

There will be no increase in net County cost upon your approval of the recommendations. The selected development team is required to make a \$50,000 deposit to the County upon execution of the ENA to help defray the County's staff and consultant costs for ENA negotiation and administration.

VISION 2026:

The Broadway Complex Affordable Housing Ground Lease Project meets the 10X goal pathway of **Eliminate Homelessness** in support of our shared vision of a **Prosperous and Vibrant Economy**.

Very truly yours,

DocuSigned by:

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Chris Bazar, Director
Community Development Agency

Attachment

cc: Susan S. Muranishi, County Administrator
Donna R. Ziegler, County Counsel
Melissa Wilk, Auditor-Controller
Amy Costa, County Administrator's Office
Sandra Rivera, Community Development Agency

BROADWAY PROPERTIES PROPOSALS

The following is a summary of the development proposals submitted to Alameda County in early 2021, in response to the Broadway Properties Request for Proposals issued in November, 2020. Proposals were received from two development teams, each consisting of a market-rate developer and a non-profit affordable housing developer. Both teams were deemed highly qualified as a result of a prior Request for Qualifications process.

The two development teams that submitted proposals are:

- Carmel Partners and Bridge Housing Corporation
- Related California and East Bay Asian Local Development Corporation (EBALDC)

Carmel Partners is a privately owned national market-rate developer, with several recently built multi-family projects in Oakland. Bridge Housing is the largest affordable housing developer on the West Coast, with a number of projects in Oakland. Both firms are headquartered in San Francisco. Bridge is a long-term owner/operator of affordable housing developments, while Carmel generally keeps new development for 2-10 years before selling.

Related California is a privately owned national affordable and market-rate developer, based in San Francisco and EBALDC is an affordable housing developer based in Oakland. The two firms together redeveloped and manage the Lion Creek Crossing affordable development in Oakland. Both Related and EBALDC are long-term owner/operators of the projects they have developed in Oakland and elsewhere.

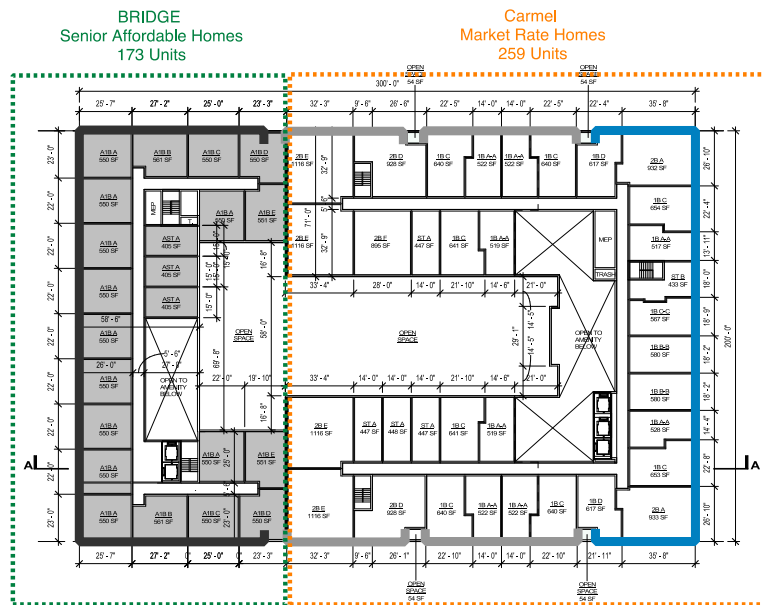
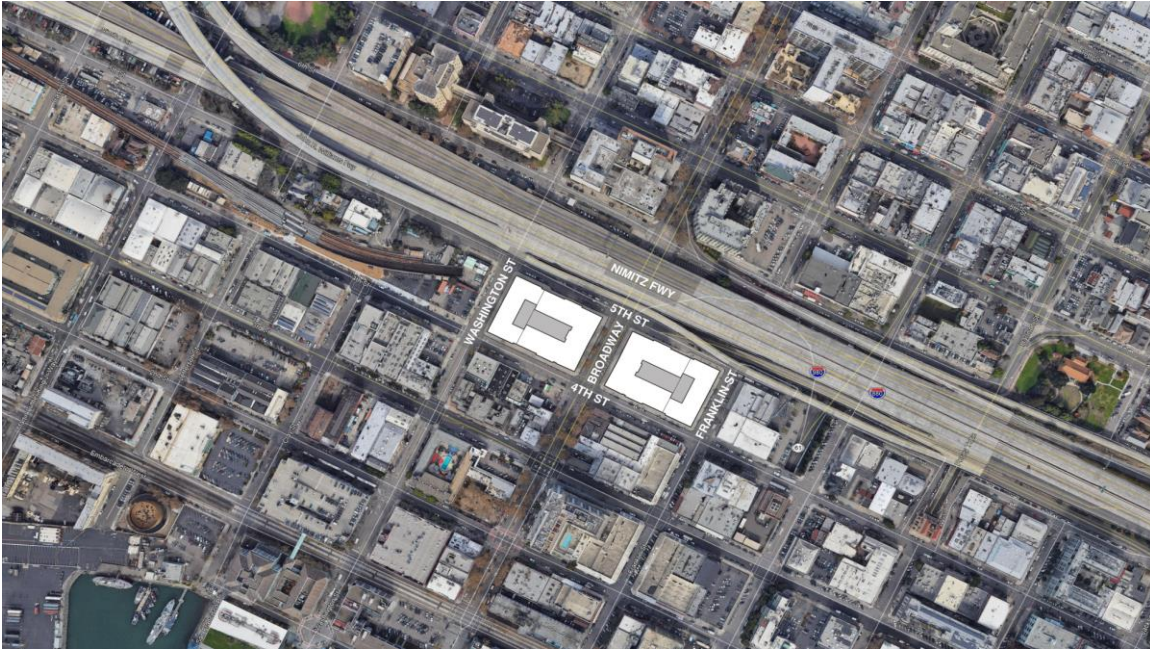
A brief description of the two proposals follows. It should be noted that both development teams emphasized that their proposals are (necessarily) concepts only at this point and are likely to change substantially in response to a robust community outreach program, the City of Oakland entitlement process and affordable housing funding requirements.

Carmel Partners/Bridge Housing Proposal

The Carmel/Bridge design concept is to build a single, very dense 8-story podium building on each Broadway block, essentially “mirror” images. Each building would have a total of 432 units, including 259 high-end market-rate units facing Broadway (owned and managed by Carmel) and 173 affordable units targeted to seniors (owned and managed by Bridge) facing the Washington/Franklin Street frontages. This would provide an overall mix of 60% market-rate and 40% affordable units. The studio/1 bedroom affordable units would be targeted to seniors with incomes below 30% AMI (42%), 50% AMI (55%) and 60 AMI (3%). Approximately 7,400 square feet of ground-floor commercial space would be provided along Broadway, with 50% of this offered at below-market rents to non-profit groups. Private open space would be provided by an interior courtyard. Several images of the Carmel/Bridge design concept are shown below, including a bird’s eye view looking toward downtown, a street view from

Broadway, an over-head view showing the interior courts and a floor plan, showing the relationship of the affordable senior units with the market-rate units.





The Carmel/Bridge proposal outlined a robust community engagement plan, based on the developer's recent Oakland experience, and a sensible and specific entitlement plan and schedule. Proposed community benefits (besides the substantial percentage of affordable housing) would include public art for the Broadway freeway underpass and inlaid into streets and sidewalks (using Oakland's public art fee), an up to 50% discount on rent for 50% of the planned retail space along Broadway, partnering with minority business development groups for the retail space, and a commitment to a construction Project Labor Agreement with equity goals as well as paying prevailing wage.

Due to its design, each Broadway site would need to be built in one phase, with 430 Broadway being developed first. While current market conditions preclude construction, Carmel estimated that conditions would improve in the next 3 years, allowing construction to proceed. The financial offer to the County would be either to make a one-time ground lease pre-payment of \$2.5 Million per site, or annual payments of \$60,000 per site (\$50,000 for the Carmel portion and \$10,000 for the Bridge portion), starting at construction, with 3% annual increases and minimal residual cash flow sharing from the Bridge portion. The ground lease payment for the Carmel portion of each site would increase by 20% every 10 years for the proposed 99-year lease term with no proposed revenue sharing with the County.

Related/EBALDC Proposal

Related/EBALDC proposed a flexible design concept that would permit development of each Broadway site to happen in stages and could be modified to reflect affordable housing funding availability and the market. The 430 Broadway site would be developed first, with three separate 5-8 story buildings, providing a total of between 190 and 274 units, all of which would be affordable. Two of the buildings would be targeted towards large families, with the third targeted towards seniors. Potential ground-floor commercial uses would include a local market that would synergize with the adjacent Produce District on Franklin Street, a non-profit "tech equity hub" that would help bridge the digital divide for lower-income residents, and office space for the Jack London business improvement district. The buildings would be separated by private and public open space, with a public plaza on 4th Street.

The 401 Broadway site would be developed in a second phase, again with three separate buildings that could be sized according to funding and the market. Two of these buildings would be 100% affordable, providing between 128-204 units for seniors and large families. The third building would provide market-rate units, either as a 250-unit 28-story tower (if future market conditions permit) or as a 159-unit 8-story mid-rise. The total number of units for both sites would be between 477-728, with 60% affordable and 40% market-rate. The affordable units would be targeted to households with incomes ranging from 30 AMI (24%), 50 AMI (38%), 60 AMI (35%) and 80 AMI (3%).

Images of the Related/EBALDC development concept are shown below, including the site plan and views of a "mixed-height" concept that would accommodate the higher total unit count and

include a 28-story market-rate tower, views of the ground floor uses, and a site plan and elevation for a “mid-rise” concept if funding and future market conditions preclude a tower.



Rendering: Massing View from South





Ground Floor Program



Broadway Looking North

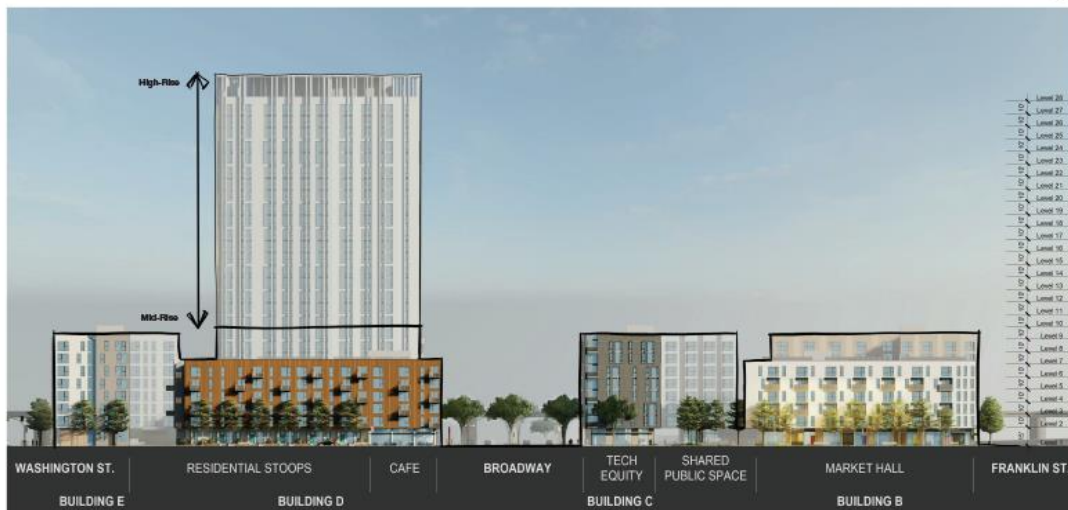
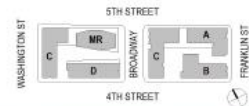


Flex Market and Public Plaza





Elevation: 4th Street



The Related/EBALDC proposal outlined a robust community outreach and engagement plan, based on the development team's local Oakland experience, as well as a sensible and specific entitlement plan and schedule. Proposed community benefits include improved lighting for the I-880 underpass and a widened and improved median along Broadway, a public plaza opening to 4th Street on the 430 Broadway property, and enhanced streetscapes on all frontages. In addition, the proposal would seek out community-based ground-floor uses, especially on 430 Broadway, potentially including a food market facing the adjacent Produce Market on Franklin and space for a non-profit tech equity hub and the Jack London Business Improvement District on Broadway. The proposal includes a strong commitment to a construction Project Labor Agreement, with equity goals as well as paying prevailing wage.

Related/EBALDC's design concept permits a lot of flexibility to be modified to reflect community input, the Oakland entitlement process, the level and availability of affordable housing funding and market conditions. Each of the six buildings can be built separately and with different configurations, as future conditions may require. While market conditions currently preclude market-rate development starts, the development of the affordable housing on 430 Broadway can proceed. If market conditions improve enough in the future, a tower could be feasible on 401 Broadway – or a mid-rise market-rate building if they don't.

Related/EBALDC's financial offer to the County reflects the flexibility of the design concept. The affordable components would be on a 75 year lease, with the option to extend to 99 years, and could either pay "up to \$1 Million" per building site (based on appraised value) as a lease pre-payment, or could pay a portion of rent revenue residuals (which would vary by the amount and type of use and funding). The market-rate building would be on a 99-year lease and would make a one-time payment based on a future fair market value appraisal (prior to construction).