

**SUMMARY REPORT PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 52201 FOR AN AGREEMENT TO CONVEY CERTAIN MAIN STREET AREA PROPERTY AT ALAMEDA POINT, ALAMEDA, CA 94501 BY AND BETWEEN THE CITY OF ALAMEDA AND MIDPEN HOUSING CORPORATION, ALAMEDA POINT COLLABORATIVE, BUILDING FUTURES WITH WOMEN AND CHILDREN AND OPERATION DIGNITY**

The following Summary Report has been prepared pursuant to California Government Code Sections 52201. The report sets forth certain details of the proposed Disposition and Development Agreement (the "DDA") to convey in fee certain City-owned property in the Main Street Area of Alameda Point, consisting of 9.7 acres bounded by West Midway, Main Street, and Orion Parkway (the "Property"). The DDA is proposed between the following parties:

1. The City of Alameda ("City");
2. MidPen Housing Corporation ("MidPen"), Alameda Point Collaborative, Building Futures With Women and Children, Operation Dignity (collectively the "Developer")

**INTRODUCTION**

The Naval Air Station Alameda (NAS Alameda) and the Fleet and Industrial Supply Center, Alameda Annex and Facility, which encompasses the Naval facilities and grounds comprising the western end of the City of Alameda and consists of approximately 1,546 acres of real property, together with the buildings, improvements and related other tangible personal property located thereon and all rights, easements and appurtenances thereto, was decommissioned by the United States Department of the Navy (the "Navy") in 1993 and closed in 1997.

In 1996 the Alameda Reuse and Redevelopment Authority (the "ARRA"), of which the City is a member, the Local Reuse Authority under federal base closure law, approved the NAS Alameda Community Reuse Plan (the "Reuse Plan"), as amended in 1997, to establish a plan for the reuse and redevelopment of the property at the former NAS Alameda. The Reuse Plan sets forth specific policy and planning goals and objectives with regards to the disposition and use of property at the NAS Alameda, which are being implemented under the DDA.

In 2003 the City adopted a General Plan Amendment for Alameda Point, which added Chapter 9 (Alameda Point) to the General Plan, in order to implement the community's vision for the reuse of Alameda Point consistent with the goals of the Reuse Plan and other City of Alameda policy documents.

The United States, acting by and through the Navy, approved the ARRA's Economic Development Conveyance Application and subsequently executed that certain Memorandum of Agreement between ARRA and the Navy for the No-Cost Economic Development Conveyance of Portions of the Former NAS Alameda, as subsequently amended (the "EDC Agreement").

By operation of California State law, the Community Improvement Commission, a member of the ARRA joint powers authority, ceased to exist on February 1, 2012. Accordingly, the ARRA, by Resolution No 55, dated January 31, 2012, authorized the ARRA Executive Director to assign to the City all of ARRA's rights, assets, obligations, responsibilities, duties and contracts, including the EDC Agreement, subject to (i) the City accepting such Assignment; (ii) Department of Defense designation of the City as the local reuse authority for NAS Alameda; and (iii) execution of documents with the Navy necessary to implement the City as successor to ARRA.

Pursuant to City of Alameda Resolution No. 14654, dated February 7, 2012, the City authorized the City Manager to accept the Assignment of all of ARRA's rights, assets, obligations, responsibilities, duties and contracts, including the EDC Agreement, subject to the Department of Defense designating the City as the local reuse authority for NAS Alameda and the Navy executing documents necessary to implement the City as successor to ARRA.

By letter dated April 4, 2012, the Department of Defense and the Department of the Navy designated the City as the local reuse authority for NAS Alameda, and accepted the City as the successor to ARRA.

In June 2012, the City Council directed City staff to complete the necessary Environmental Impact Report ("EIR"), General Plan amendments, Zoning Ordinance amendments, including the creation of the Alameda Point District (Alameda Municipal Code 30-4.24), and a Master Infrastructure Plan ("MIP") for Alameda Point (collectively, the "Planning Documents") required to implement the Reuse Plan in compliance with the California Environmental Quality Act, the City of Alameda General Plan and the Reuse Plan.

On June 6, 2013, the Navy transferred approximately 1,379 acres, including 509 acres of land and 870 acres of submerged land, at the Alameda Point property pursuant to the EDC Agreement.

On February 4, 2014, the City Council approved the Planning Documents, which included approval of a mixed-use, transit-oriented development consistent with the Reuse Plan and General Plan and consists of the rehabilitation, reuse and new construction of approximately 5.5 million square feet of commercial and workplace facilities for approximately 8,900 jobs; maritime and water related recreation uses in and adjacent to the Seaplane Lagoon, including a new ferry terminal; rehabilitation and new construction of 1,425 residential units for a wide variety of household types for approximately 3,240 residents. The DDA is intended to implement the goals and policies described in the approved Planning Documents with respect to the Property.

The Planning Documents require all new development at Alameda Point to comply with the Transportation Demand Management Plan for Alameda Point ("TDM Plan"), which was approved by the City Council on May 20, 2014. The TDM Plan outlines a plan for mitigating traffic impacts from new development during peak hours and supporting the creation of a transit-oriented development at Alameda Point including the formation of a Transportation Management Association and the establishment of fees or special taxes on developed property to pay the costs of

implementation of the TDM Plan. The Developer has prepared and concurrently with approval of the DDA, the City is expected to approve a TDM Compliance Strategy for the Property. Through the DDA and the Planning Documents and as a condition of development, the Developer shall be required to implement the terms of the approved TDM Compliance Strategy.

The amended Zoning Ordinance for Alameda Point required that a specific plan be adopted for the Main Street Neighborhood zoning sub-district. In conformance with the Zoning Ordinance, the City Council adopted the Main Street Neighborhood Specific Plan on March 21, 2017 ("Main Street Neighborhood Plan"). The Property is located within the Main Street Neighborhood Plan area and the DDA is intended to implement the goals and policies described in the Main Street Neighborhood Plan.

The City is the fee title owner of that certain portion of Alameda Point consisting of 9.7 acres bounded by West Midway, Main Street and Orion Parkway more particularly described in Exhibit A and shown on the map of the Property attached to the DDA as Exhibit B (the "Property").

The City currently leases certain property located within Alameda Point consisting of 34 acres to Alameda Point Collaborative, Building Futures with Women and Children and Operation Dignity (collectively, "Collaborating Partners") pursuant to the terms of long term legally binding agreements ("Existing Leases") for 200 housing units and administrative offices in existing former Navy structures ("Existing Structures"). The Existing Leases were entered into pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994 which requires that reasonable accommodations be made on closing military bases to meet the needs of the homeless and sets forth procedures and standards describing how such accommodations are to be made.

The City and the Developer plan to consolidate the existing 200 housing units and administrative offices currently located in the Existing Structures on the 34-acre leaseholds created by the Existing Leases within a 9.7-acre campus comprising the Property upon which partnerships formed with MidPen and a Collaborating Partner will own, construct and operate new affordable housing consisting of 267 affordable housing units and up to 40,000 square feet of community-serving commercial spaces while releasing the property subject to the Existing Leases for development consistent with the Main Street Neighborhood Plan.

The Developer's plan for the Property includes the replacement of the 200 existing affordable housing units currently being provided pursuant to the Existing Leases with 200 newly constructed supportive affordable housing as well as the construction of an additional 67 newly constructed supportive affordable housing units in a cohesive new development. The replacement of the Existing Structures with the Project as contemplated in the DDA meets the goals of the Base Closure Community Redevelopment and Homeless Assistance Act and the terms of the Existing Leases related to the provision of affordable housing meeting the needs of the homeless.

On December 15, 2015 the City and the Developer entered into the Exclusive Negotiations Agreement for the purpose of negotiating the DDA.

The City is now considering a DDA with the Developer, to convey in fee simple the Property. Pursuant to the terms of the DDA, the City will convey in fee simple the Property to the Developer, and the Developer will develop and construct the Project creating high quality permanent affordable

supportive housing in a cohesive campus.

The following Summary Report is based on information contained within the DDA and is organized into the following seven sections:

- I. Identity of the Contracting Party:** This section provides the name and address of the Developer.
- II. Salient Deal Points of the Agreement:** This Section summarizes the major responsibilities imposed on the Developer and the City by the DDA.
- III. Estimated Value of the Interest to Be Conveyed or Leased, Determined at the Highest and Best Use of the Property:** This section estimates the value of the property, determined at the highest and best use of the property,.
- IV. Estimated Value of the Interest to Be Conveyed or Leased, Determined at the Use and with the Conditions, Covenants, and Development Costs Required by the DDA:** This section estimates the value of the property to be conveyed, factoring in the use of the property, and conditions, covenants, and development costs required by the DDA.
- V. Economic Incentive/Development Subsidy Provided, and Cost of the Agreement:** This section details the economic incentive/development subsidy to be provided by the City and the costs to be incurred by the City to implement the DDA.
- VI. Consideration Received and Comparison with the Economic Incentive/Development Subsidy Provided:** This section describes the financial compensation to be received by the City pursuant to the DDA.
- VII. Creation of Economic Opportunity and Public Purpose:** This section explains how the DDA will assist in creating economic opportunity in the City.

This Summary Report and the DDA are to be made available for public inspection prior to approval of the DDA.

## **I. IDENTITY OF THE DEVELOPER**

MidPen Housing Corporation  
303 Vintage Park Drive, Suite 250  
Foster City, CA 94404

Alameda Point Collaborative  
677 W. Ranger Avenue  
Alameda, CA 94501

Building Futures With Women and Children  
1395 Bancroft Avenue  
San Leandro, CA 94577

Operation Dignity  
3850 San Pablo Avenue, Suite 102  
Emeryville, CA 94608

## **II. SALIENT DEAL POINTS OF THE DISPOSITION AND DEVELOPMENT AGREEMENT**

### A. Project Description

The Developer proposes to redevelop a 9.7 acre portion of the former NAS Alameda in four phases, consistent with the Main Street Neighborhood Plan and the Planning Documents (collectively, the "Project"):

1. Two hundred (200) replacement residential units in newly constructed buildings replacing the 200 units currently located in the Existing Structures (the "Replacement Units");
2. Sixty-seven (67) new residential units in newly constructed buildings ("New Residential Units" and with the Replacement Units, collectively, the "Residential Units").
3. Approximately 40,000 square feet of permitted and conditionally permitted community serving commercial space ("Commercial Space"); and
4. Potentially a replacement of the existing Midway Shelter with up to fifty-four (54) emergency beds for Building Futures with Women and Children ("Emergency Shelter").

### B. City Responsibilities

The DDA requires the City to:

1. Convey a total of approximately 9.7 acres to the Developer, in phases as specified in the DDA.
2. Process applications for supplemental City approvals in a timely fashion.
3. Provide reasonable cooperation to the Developer in processing applications for City permits and approvals, and all other permits, approvals and "will serve" letters necessary for construction of the Project, provided that the City will not be required to incur any additional costs unless the Developer agrees to reimburse the City for such costs.
4. Use commercially reasonable efforts to cause to be completed the Backbone Infrastructure in accordance with the MIP and the Main Street Neighborhood Plan. The City is to use commercially reasonable efforts to release a Request for Proposals for developers of adjacent portions of the Main Street Neighborhood Plan area that will include the requirement to construct the Backbone Infrastructure, to select a developer or developers and require the completion of the Backbone Infrastructure within the times

set forth in the Milestone Schedule as part of a disposition and development agreement with the selected developer.

C. Developer Responsibilities

The DDA requires the Developer to:

1. Complete development of the Property according to the terms of the DDA, the Main Street Neighborhood Plan, and other documents.
2. Each of the Collaborating Partners is obligated to release its Existing Lease and relocate any residents residing in the Existing Structures within the timeframe set forth in the Milestone Schedule of Performance and in accordance with the Phasing Plan. As part of the release of the Existing Leases, each of the Collaborating Partners is obligated to obtain releases of any encumbrances on the leaseholds created by the Existing Leases.
3. Construct and regulate the New Residential Units to comply with the City's Inclusionary Housing Ordinance and to satisfy the Very Low Income and Low Income Inclusionary Housing obligations for the market rate units located within the Main Street Neighborhood Plan Area.
4. Restrict the Residential Units in accordance with the City Regulatory Agreement attached as Exhibit K to the DDA.

5. Indemnify the City against all suits, actions, claims, causes of action, costs, demands, judgments and liens arising out of the Developer' performance or nonperformance under the DDA.
6. Comply with the prevailing wage and local hire goals.
7. Comply with the TDM Compliance Strategy
8. Alameda Point Collaborative is obligated to release the existing leases for Buildings 92, 101, 613 and 607 in accordance with the terms of the DDA and to provide relocation to any commercial tenants as required.

### **III. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED OR LEASED, DETERMINED AT THE HIGHEST AND BEST USE OF THE PROPERTY UNDER THE GENERAL PLAN AND ZONING**

Because of the complexity of the site and its current condition, it is difficult to appraise the value of the property at "highest and best use". In its current condition it essentially cannot be developed because of the large scale infrastructure needed to support any development activities. The best estimate of the value of the property is assessed using the current plan for entitlement along with the expected costs of development, adjusted for risk. Consistent with the MIP, the total cost of infrastructure for the 9.7 acre site and the adjacent 22.8-acre property, totally 32.5 acres, that will provide the infrastructure is estimated at \$55 million, or \$1.7 million per acre. The infrastructure costs associated with the 9.7-acre parcel are approximately \$16.5 million. A recent appraisal by the City valued developable land at approximately \$2.0 million per acre. Taking into account the \$1.7 million per acre in infrastructure costs, the development constraints of the site, the fact that the developer is exchanging 32 acres of leased property with over 40 years of term left, and the fact that the Property is required to replace the existing supportive housing currently located within 34 acres of NAS Alameda, the estimated value of the property at highest and best use is approximately zero Dollars (\$0).

### **IV. ESTIMATED VALUE OF THE INTEREST TO BE CONVEYED OR LEASED, DETERMINED AT THE USE AND WITH THE CONDITIONS, COVENANTS, AND DEVELOPMENT COSTS REQUIRED BY THE DISPOSITION AND DEVELOPMENT AGREEMENT.**

Under the terms of the DDA, the Developer agrees to construct a project consistent with the Main Street Neighborhood Plan and other Planning Documents. All of the Residential Units on the Property will be restricted to rents that are affordable to households with incomes between 30% and 60% of area median income and occupancy by Very Low and Low Income Households for a period of at least fifty-five years.

The estimated value of the property to be conveyed and leased, at the use and with the conditions, covenants, and development costs required by the sale and lease is estimated to be zero given the

restrictions on the use of the Property as affordable housing. As a condition of conveyance of the Property, the Collaborating Partners are obligated to release their existing long term leasehold interests in property within NAS Alameda.

The sale price for the Property equals the fair market value, at highest and best use, of the interests being conveyed to the Developer under the DDA.

## **V. ECONOMIC DEVELOPMENT SUBSIDY PROVIDED, AND COST OF THE AGREEMENT**

The City acquired the Property from the Navy through the EDC Agreement at no cost. The DDA contemplates that the Developer will pay for all clearance costs, relocation costs (if any), and will release the Existing Leases on 34 acres of Property allowing the City to redevelop those 34 acres with other uses consistent with the Main Street Neighborhood Plan and the Planning Documents. The City has spent considerable staff and City resources in its efforts to redevelop NAS Alameda. The City expects that the Backbone Infrastructure that is necessary for the development of the Project will be provided by a market rate developer developing the adjacent properties and not by the City. The City will negotiate the economic terms of the transaction with the market rate developer at a later date.

The City is not providing any economic development subsidies to the Developer for the development of the Property. The Collaborating Partners are entities that currently hold long term land interests in NAS Alameda Property and the DDA contemplates a land swap that will provide the City with additional acreage for development.

## **VI. CONSIDERATION RECEIVED AND COMPARISON WITH ECONOMIC DEVELOPMENT SUBSIDY PROVIDED**

The City's consideration for the conveyance of the property consists of release of the Existing Leases from 34 acres of NAS Alameda property. The property released from the Existing Leases will provide opportunities for additional development that will serve the community and provide needed housing and jobs.

## **VII. CREATION OF ECONOMIC OPPORTUNITY AND PUBLIC PURPOSE**

The Property has been sitting essentially idle for over 20 years since the closure of the NAS Alameda. Since the great recession of the late 2000s, market conditions have been improving, especially for residential development, and the City has an opportunity to begin substantial redevelopment of NAS Alameda.

The City in its capacity as the local reuse authority is charged with implementing the transfer, development and future use of property at NAS Alameda in conformance with the various documents that implement the no-cost Economic Development Conveyance under the Base Close Act, including but not limited to the Reuse Plan and the EDC Agreement. As such, the Property (and all other EDC Parcels) must be disposed of in a manner consistent with the EDC Agreement and with the purpose



of supporting long-term job creation, infrastructure improvements, affordable housing and the economic redevelopment of NAS Alameda. The City has determined that transfers contemplated under the DDA are for the “common benefit” under Government Code Section 37350 and to create economic opportunity under Government Code Section 52200.

The important goals and objectives that are satisfied by the Project are:

1. The creation of affordable housing to meet demonstrated affordable housing needs identified in the City’s General Plan Housing Element constitutes an economic opportunity. The Project will replace existing affordable units located in deteriorating former Naval buildings as well as create sixty-seven new affordable housing units affordable to very low, low and moderate income households.
2. The project meets the goals set forth in the adopted sustainable communities strategy and is a project that specifically implements the goals of the adopted sustainable communities strategy.
3. The Project will result in 34 acres that are currently subject to long term leases being available for development consistent with the Main Street Neighborhood Plan and the Reuse Plan. Upon development these 34 acres are expected to generate additional property tax revenues for the benefit of the City and the taxing entities.