STAFF REPORT

TO: Finance and Audit Committee
    AC Transit Board of Directors

FROM: Denise C. Standridge, General Counsel

SUBJECT: Support of the Brooklyn Basin Project

ACTION ITEM

RECOMMENDED ACTION(S):

Consider adoption of Resolution 16-007 in support of the City of Oakland Successor Agency’s request for a Final and Conclusive Determination by the California Department of Finance that the 2006 Cooperation Agreement between the former Oakland Redevelopment Agency and the Oak to Ninth (now Brooklyn Basin) Community Benefits Coalition is an enforceable obligation.

EXECUTIVE SUMMARY:

In 2006, the Oak to Ninth Community Benefits Coalition was formed. Together, with the Urban Strategies Council, it negotiated a cooperation agreement with the City of Oakland’s Redevelopment Agency that required the agency to construct 465 units of senior and family affordable housing at the site of what is now Brooklyn Basin. The City of Oakland’s Successor Agency is going to ask the California Department of Finance to honor the obligation.

BUDGETARY/FISCAL IMPACT:

While there is no fiscal impact from adopting the resolution, if the cooperation agreement is found to be an enforceable obligation, the District could receive approximately $1.5 to $2.5 million over an eight year period.

BACKGROUND/RATIONALE:

In 2006, the East Bay Asian Youth Center (EBAYC), Oakland Community Organizations (OCO) and Asian Pacific Environmental Network (APEN) formed the Oak to Ninth Community Benefits Coalition. The Coalition, with the help of the Urban Strategies Council, negotiated a Cooperation Agreement with the City of Oakland’s Redevelopment Agency that would require the Agency to build 465 units of affordable housing for seniors and families at the site of Oak to Ninth, now known as the Brooklyn Basin Project.

The Oakland Successor Agency took over when the Redevelopment Agency was dissolved in 2012 as part of the statewide dissolution of all redevelopment agencies. The District is considered a benefiting taxing entity under the dissolution process and is entitled to certain monies when former redevelopment properties are sold. However, many successor agencies are not selling properties and the District receives no funds. In the instant matter, if the
Cooperation Agreement is upheld as an enforceable obligation, funds will be diverted from the Redevelopment Property Tax Trust Fund to help pay for the affordable housing units that were promised in the 2006 agreement. Once the development is built, the District estimates it will receive approximately $1.5 million from the property taxes on the units.

The City Successor Agency plans on making a request in late January to the California Department of Finance to issue a final and conclusive determination stating that the 2006 cooperation agreement is an enforceable obligation of the successor agency. Additionally, the Agency is requesting that the local taxing entities support this effort and has asked the District to pass a resolution in support thereof. The Agency estimates that the Brooklyn Basin development overall will generate a net increase in Redevelopment Property Tax Trust Funds of $56 million, after paying for the affordable housing units. According to the Agency’s calculations, this will result in up to $2.5 million to the District over an 8 year period.

ADVANTAGES/DISADVANTAGES:

The advantage of supporting the request is that the District could receive up to $2.5 million over an eight year period. There is no disadvantage to supporting this request.

ALTERNATIVES ANALYSIS:

The alternative is to do nothing; however, this is not recommended because of the amount of money the District may realize if the agreement is honored.

PRIOR RELEVANT BOARD ACTIONS/POLICIES:

None

ATTACHMENTS:

1. Resolution No. 16-007

Reviewed by: Michael A. Hursh, General Manager
Claudia L. Allen, Chief Financial Officer

Prepared by: Denise C. Standridge, General Counsel
A RESOLUTION IN SUPPORT OF THE CITY OF OAKLAND SUCCESSOR AGENCY’S REQUEST FOR A FINAL AND CONCLUSIVE DETERMINATION BY THE CALIFORNIA DEPARTMENT OF FINANCE THAT THE 2006 COOPERATION AGREEMENT BETWEEN THE FORMER OAKLAND REDEVELOPMENT AGENCY AND THE OAK TO NINTH (NOW BROOKLYN BASIN) COMMUNITY BENEFITS COALITION IS AN ENFORCEABLE OBLIGATION

WHEREAS, Oakland’s affordable housing crisis impacts large numbers of AC Transit’s ridership and employees; and

WHEREAS, the lack of affordable housing in the central East Bay contributes to sprawl and detracts from the use of public transportation; and

WHEREAS, the Oak to Ninth (now Brooklyn Basin) Community Benefits Coalition in 2006 negotiated a Cooperation Agreement with the former Oakland Redevelopment Agency (now the Oakland Successor Agency) requiring the Agency to construct at least 355 family-sized units of affordable housing and up to 110 affordable senior housing units on the Brooklyn Basin Site; and

WHEREAS, this agreement is a Recognized Obligation of Oakland Successor Agency as defined by Section 34171 of the Health and Safety Code of the State of California; and

WHEREAS, Oakland’s Successor Agency now wishes to request that the California Department of Finance issue a Final and Conclusive Enforceable Obligation Determination so the Brooklyn Basin affordable housing construction can commence; and

WHEREAS, AC Transit is a benefiting taxing entity under the process governing the dissolution of Redevelopment Agencies; and

WHEREAS, the combined market rate and affordable portions of the Brooklyn Basin condominium project will result in a net increase in revenues to AC Transit in an amount estimated to be up to $2.5 million over an 8 year period ending in FY 2022-23.

NOW THEREFORE, the Board of Directors of the Alameda-Contra Costa Transit District does resolve as follows:

Section 1. The Board of Directors supports the City of Oakland Successor Agency’s request for a Final and Conclusive Determination by the California Department of Finance that the 2006 Cooperation Agreement between the former Oakland Redevelopment Agency and the Oak to Ninth (now Brooklyn Basin) Community Benefits Coalition is an Enforceable Obligation, per Section 34177.5 (i) of the Health and Safety Code of the State of California.
Section 2. This resolution shall become effective immediately upon its passage by four affirmative votes of the Board of Directors.

PASSED AND ADOPTED this 27th day of January, 2016.

H. E. Christian Peeples, President

Attest:

Linda A. Nemeroff, District Secretary

I, Linda A. Nemeroff, District Secretary for the Alameda-Contra Costa Transit District, do hereby certify that the foregoing Resolution was passed and adopted at a regular meeting of the Board of Directors held on the 27th day of January, 2016, by the following roll call vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Linda A. Nemeroff, District Secretary

Approved as to Form and Content:

Denise C. Standridge, General Counsel