

REQUEST FOR PROPOSALS
FOR THE GROUND LEASE OF

**4551 STEELE STREET
OAKLAND, CA**

PRESENTED FOR
OAKLAND UNIFIED SCHOOL DISTRICT



TABLE OF CONTENTS

Executive Summary	3
Background And Context	3
Objectives	3
Site Description.....	4
Property Overview	5
Opportunities & Constraints	6
Lease Overview	7
Disclaimer	7
Proposal Requirements.....	8
Proposer’s Responsibilities	8
Submission Requirements.....	9
Submission Format.....	12
Right to Reject.....	12
Exhibit A: Property Aerial	13
Exhibit B: Community Input	15

EXECUTIVE SUMMARY

BACKGROUND AND CONTEXT

The Oakland Unified School District (“District”) is a public education school district that operates about 86 elementary schools, middle schools, and high schools and 32 district-authorized charter schools in Oakland. The District owns certain real property known as Tilden Child Development Center (“Tilden”), located at 2551 Steele Street, Oakland, CA, 94619; APN: 037-2552-001-00. The District is interested in ground leasing the southern portion of the parcel, an approximately 0.71 acre portion of land with building improvements (the “Property”). An aerial view of the Property is included in Exhibit A. The District is currently seeking proposals from qualified proposers to enter into a long-term ground lease for the Tilden site.

Beginning July 1980, the Property was home to Tilden Child Development Center that subsequently closed its doors in 2010 due to low enrollment of K-3 students and poor facility conditions. Since its closing, the Property has been vacant. In November 2019, a 7-11 Committee determined the Tilden site to be considered surplus to the District’s needs.

The District applied for and received a waiver from the State Board of Education allowing the District flexibility in the bidding and lease of the Property. As a result, notwithstanding Education Code sections 17455, et. seq., the District is able to use a request for proposal process, and is not bound to select the successful proposal solely on the basis of price.

OBJECTIVES

The District’s objectives are as follows:

- Determine that the contemplated use for the Property aligns with the District’s goal of being sensitive to community, neighborhood and adjacent school needs and concerns while also supporting the District’s goal of enhancing its long-term fiscal sustainability;
- Ground lease the Property to a company, organization, or developer that addresses the equity-based need to bring more affordable housing to this area of the city;
- Generate resources that can be used within legal parameters to support the students of the District in other ways;
- Obtain assurance that the Lessee has the financial capacity and proven experience to bring the proposed project (as defined in the Lessee’s proposal response) to completion as efficiently and as prudently possible, and;
- Confirm that the Lessee of the Property is supportive of the District’s intent to limit impacts on surrounding neighbors, and has a demonstrated history of working collaboratively with neighborhood leaders, community members, local jurisdictions, and school district staff in which they have completed projects in the past. This will include a commitment to work collaboratively with the Oakland Unified School District. Community input from the September 19, 2019 community meeting is located in Exhibit B.

SITE DESCRIPTION

Property Class:
Commercial

Assessor's Parcel Number:
037-2552-001-00

General Plan:
Detached Unit Residential

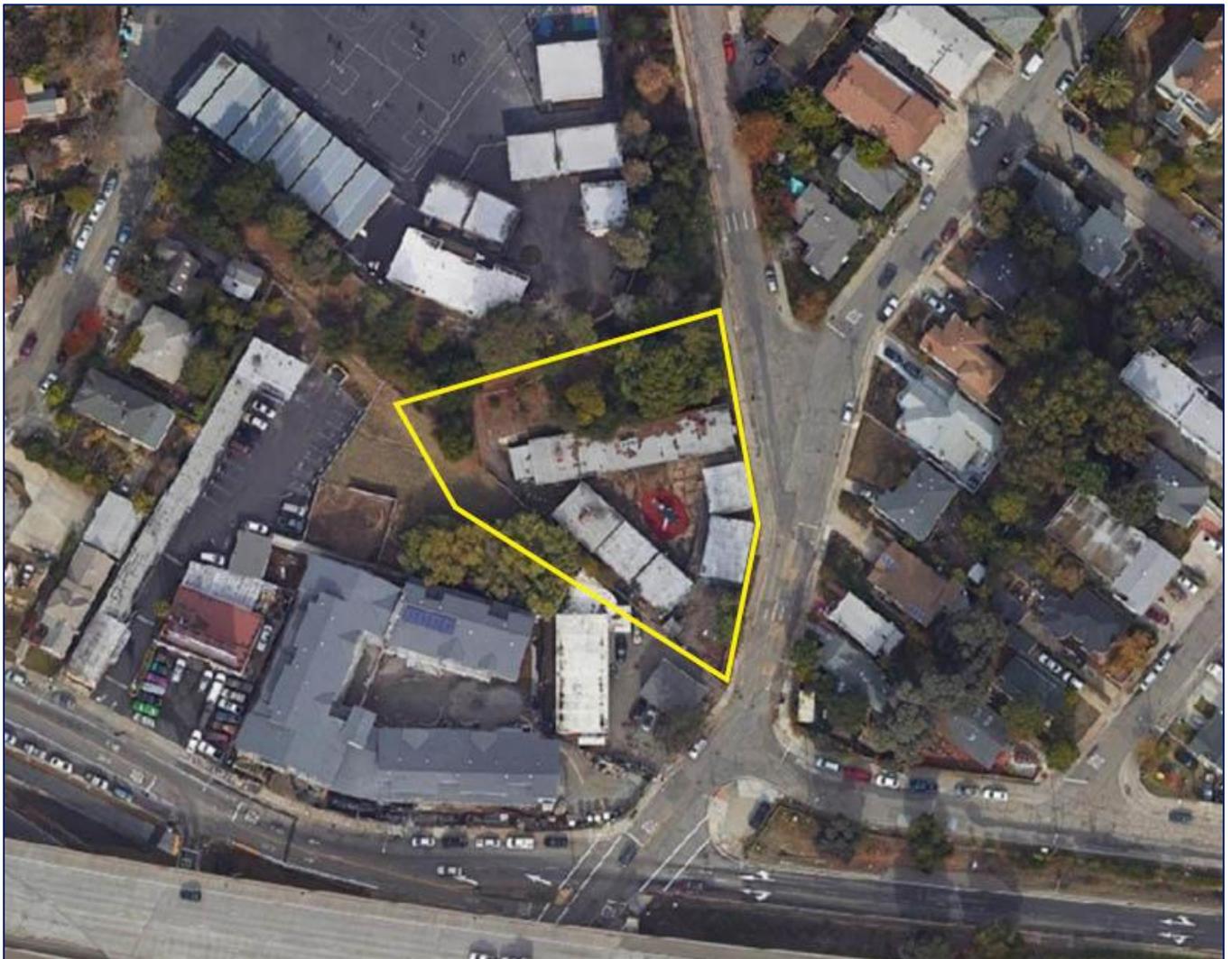
Location:
4551 Steele Street
Oakland, CA 94619

Property Size:
0.44 acres + 0.27 acres of hillside
8,640 square feet of building

Opportunity Zone:
No

Current Use:
Vacant

Zoning:
RD-1 Detached Residential Unit



PROPERTY OVERVIEW

PROPERTY DESCRIPTION

The Property is an approximately 0.71 acre, irregularly-shaped portion of land with building improvements. The topography of this area is generally level on approximately 0.44 acres of the site, with an additional 0.27 acres of hillside. The Property is the southern portion of a larger 6.86-acre parcel which the District is currently subdividing into two separate parcels.

The Property rests in the Leona Heights neighborhood in the City of Oakland and is bordered to the north by a school facility, northwest by a hospitality development, and southwest by a multi-family residential development. The Property has direct accessibility via the intersection of Steele Street and Buell Street.

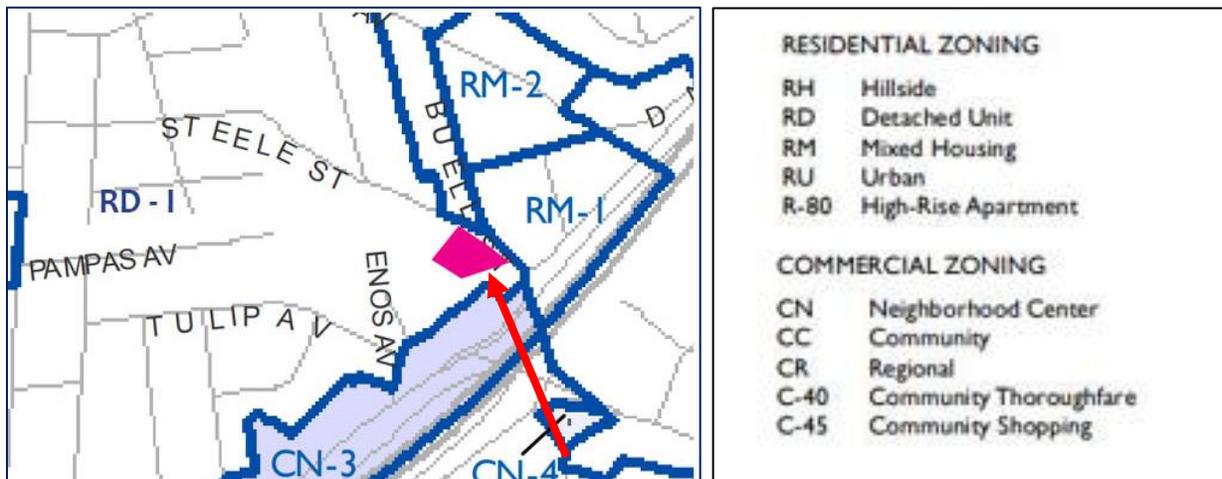
ONSITE STRUCTURES

There are four one-story structures that total 8,640 square feet.



ZONING

The property is zoned RD-1, Detached Residential Unit. According to the zoning code, the purpose of the RD-1 District is “to create, maintain, and enhance areas with detached, single unit structures. A limited number of commercial uses will be permitted or conditionally permitted in existing nonresidential facilities.”



DCG STRATEGIES | EXECUTIVE SUMMARY

The following are permitted uses for the Property under the RD-1 zoning: Permanent Residential, Supportive Housing, Transitional Housing, Residential Care, Essential Services, Limited Child-Care, Limited Agriculture, and Administrative.

Uses that would require additional approval from the City of Oakland under the RD-1 zoning, include: Community Assembly, Recreational Assembly, Community Education, Some Retail, Extensive Agriculture, Bed and Breakfast, Nonassembly Cultural, Utility and Vehicular, Extensive Impact, General Food Sales, Full-Service Restaurants, Limited Service Restaurant and Café, and Plant Nursery

UTILITIES

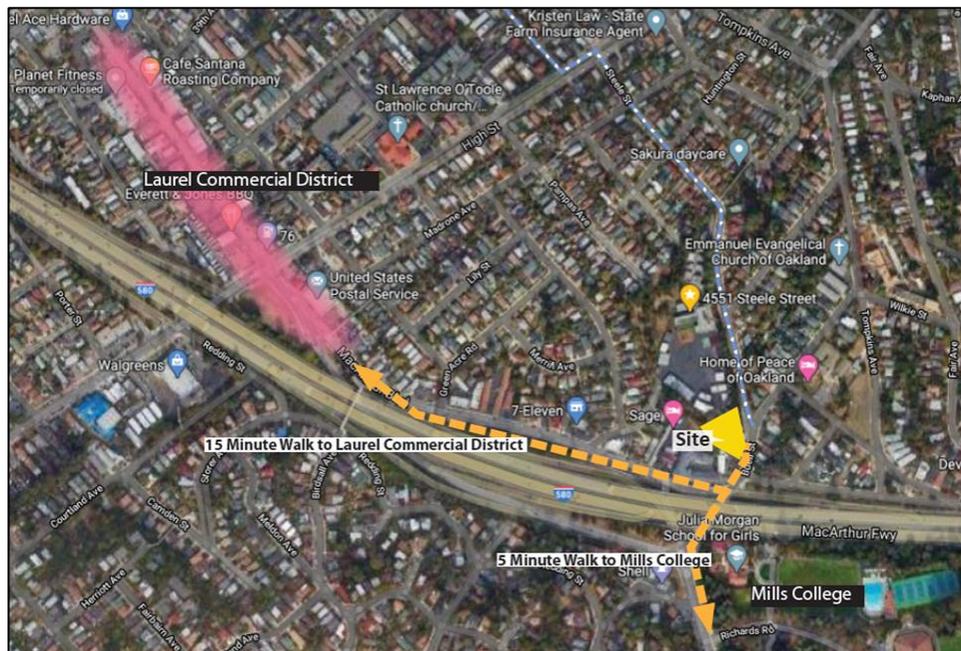
All typical urban utilities appear to be available onsite. PG&E provides gas and electrical services. The East Bay Municipal Utility District provides water and sewer services. Public safety is provided by the City of Oakland. The status, condition, and sufficiency of the utilities for the intended use would have to be affirmed in the future by the tenant.

OPPORTUNITIES AND CONSTRAINTS

The desired plan for the Property is the demolition of the current building improvements in order to develop residential housing.

Potential opportunities of the Property include but are not limited to (1) located within 0.5 miles of the Laurel District (2) proximity to amenities such as primary schools, a college, and regional parks (3) being surrounded by a variety of other old and new residential developments, and (4) Easy access to the 580 and quick AC Transit service to the Coliseum BART station.

Potential constraints include but are not limited to (1) the site is that it is located on a City-Designated “Slow Street”, a new program to create more outdoor recreation space accessible to all residential neighborhoods.



LEASE OVERVIEW

The District seeks a tenant for a long-term ground lease who will redevelop the Property for a purpose that the Oakland Planning Department determines to be permissible and in line with the District's objectives. While the District will consider all of the uses allowed by right in the RD-1, Detached Residential Unit, the District's preference is for the following uses:

- Single-Family Residential Units
- Multi-Family Residential Units
- Community Benefit use

Respondents should verify the potential viability of the proposed project with the City of Oakland prior to making a proposal for the Property.

DISCLAIMER

While the information contained herein has been provided in good faith and in an effort to provide prospective respondents with relevant property data, it is not binding on the District and should not be considered a substitute for thorough due diligence investigation by prospective tenants.

The District and DCG Strategies have not made any investigation, and make no warranty or representation, with respect to the income or expenses for the Property, the future projected financial performance of the Property, the Property's development potential, the size and square footage of the Property and improvements, the presence or absence of contaminating substances, PCBs or asbestos (or any other hazardous materials or substances), the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant.

The information contained herein has been obtained from sources we believe to be reliable; however, the District and DCG Strategies have not verified, and will not verify, any of the information contained herein, nor has the District and DCG Strategies conducted any conclusive investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided.

All potential tenants must take appropriate measures to verify all of the information set forth herein.

PROPOSAL REQUIREMENTS

PROPOSER'S RESPONSIBILITIES

The selected proposer will be responsible for payment of all costs and expenses in connection with the project including, but not limited to: any costs associated with preparing their proposal and supporting material; costs associated with securing necessary entitlements and environmental documentation and approval; demolition (subject to negotiation*) or rehabilitation of existing buildings, ground clearing, site preparation, and construction of new buildings; maintenance; underground utilities; insurance and taxes; permits and inspection fees; costs and mitigation fees associated with the development including school impact fees; and architectural, environmental, engineering, and other related work. Proposer will be responsible for all brokerage commissions and fees to be paid to any real estate representative on the proposer's behalf, if any. The District will not pay any broker's fees or finder's fees, other than to their representative, DCG Strategies. The selected proposer will be required, if necessary, to:

- Select the necessary multi-disciplinary team;
- Obtain all necessary entitlements and permits;
- Undertake the CEQA submittal process;
- Coordinate, manage, and facilitate the review of the project by City of Oakland; and
- Manage the work effort of the entire entitlement team, the architect, land planner, civil and other engineers, etc.

**The District is open to negotiations surrounding the District potentially covering the cost of demolition on the site, subject to the terms of an executed ground lease agreement.*

All proposals will have five required sections and in the order as set forth below. Please label each section and number all pages.

SECTION 1 – LETTER OF INTENT

SECTION 2 – STATEMENT OF QUALIFICATIONS

SECTION 3 – PROGRAM NARRATIVE

SECTION 4 – PROJECT TIMETABLE AND CRITICAL ENTITLEMENT ISSUES

SECTION 5 – FINANCIAL CAPABILITY

SUBMISSION REQUIREMENTS

SECTION 1 – LETTER OF INTENT

All proposals must contain proposed lease terms and agreement structure. A sample Letter of Intent should include, but certainly is not limited to, the terms and conditions below.

The following terms and conditions are proposed for this ground lease:

- 1. Lease Rate:** \$_____ per month, \$_____ annually. Lease payments will begin _____ (describe milestone) and be subject to _____% of annual increases. (It is recommended for Proposer to include two proposed lease rates: a proposed lease rate should the District cover the cost of demolition and a proposed lease rate should the Proposer be responsible for the cost of demolition.)
- 2. Initial Deposit:** Proposer will make an initial deposit of \$_____ at the time a Ground Lease Agreement is agreed and executed.
- 3. Additional Deposits:** Proposer will make a series of additional deposits with each deposit subject to the Proposer’s unilateral decision to proceed with the transaction. The proposed deposit structure is as follows: _____ (describe amount and timing of deposits).
- 4. Inspections:** Proposer shall be provided with _____ days from mutual execution of the Ground Lease Agreement to enter the Property and conduct whatever physical Due Diligence/Feasibility Analysis Proposer deems necessary and desirable subject to reasonable notice and noninterference with current users of the site. Upon execution of a Ground Lease Agreement, Proposer shall have the right to review any and all documentation relating to the Property, and the District shall promptly deliver to Proposer copies of all such documents in its possession, custody, or control. District staff and agents will cooperate fully with Proposer in providing such information as Proposer may reasonably require, regarding the history, use, and condition of the Property.
- 5. Government Approvals:** Upon execution of a Ground Lease Agreement, Proposer shall be seeking various government approvals as may be required for the redevelopment or rehabilitation of the Property in the manner Proposer intends. The District will cooperate with and assist Proposer as reasonably necessary in submitting applications for such approvals, including signing appropriate documents that may be required by government officials. If Proposer is unable to obtain such approvals in what the parties agree to be a timely and reasonable manner, in Proposer’s sole discretion, Proposer may withdraw from this transaction, and thereafter have no obligations of any kind whatsoever to the other, except as otherwise set forth in the Ground Lease Agreement.
- 6. Other Provisions:** Proposer understands that the District has retained DCG Strategies as its real estate agent in connection with this transaction, and that the District will be solely responsible for any compensation due to DCG Strategies based on its arrangements with the firm. Any compensation due to other real estate agents or brokers engaged or retained by Proposer in connection with this transaction will be the sole responsibility of the Proposer.

7. **Definitive Lease Agreement:** As expeditiously as possible, Proposer intends to negotiate with the District and agree to a definitive and binding Ground Lease Agreement, but until that has been done, either party may withdraw from this transaction without further obligation of any kind to the other.
8. **Approval Required by District Authorities:** Proposer understands and acknowledges that the District's execution of the Ground Lease Agreement is conditioned on approval of Board of Education.

SECTION 2 – STATEMENT OF QUALIFICATIONS

This section should include the proposal contact and responsible party information. Identify the lead proposing entity, and list the key team members. Set forth the scale of the site program, lease terms, deposits, and summarize the critical elements of expected project timeline. Overall, demonstrate the proposer's capability to carry out the project.

QUALIFICATIONS

- The name, address, and contact information of firm or individual responding to the proposal.
- Firm Overview - Provide a brief description of organization, year established, number of employees, and types of business conducted.
- List and bios/resumes of relevant team members.
- List of proposed sub-consultants and/or partners, identifying their area of work.

EXPERIENCE

Please include at least two (2), but no more than four (4) examples of successful projects comparable in type, size, and/or location characteristics. Specifically, the following will be evaluated:

- Past experience with the development or management of commercial real estate property types which may include but not necessarily be limited to mixed-use, multifamily, office, and retail buildings.
- Past experience in developing real property with or for non-profits, public school districts and/or community organizations.

SECTION 3 – PROGRAM NARRATIVE

This section should include a narrative description of the project, proposed use and anticipated benefit to the community. Identify the planned improvements in as much detail as is reasonably possible. Include a preliminary site plan. While a detailed completed site plan is not required at this time, a preliminary site plan is necessary to properly evaluate each proposal.

- Project Narrative shall provide a high-level summary of the proposed redevelopment or rehabilitation:
 - Describe how the proposal redevelops or rehabilitates the Property to its full potential consistent with applicable zoning and design guidelines (or if applicable, rezoning) while also addressing the District's objectives set forth in this RFP.

- For new construction, describe the building(s), height, number of stories, estimated square footage, and square footage devoted to each use.
- If applicable, describe the possible approach to affordable housing; include proposed population mix.
- Describe proposed amenities and any anticipated sustainability features for the project.
- Describe approach to rezoning the Property (if applicable) and entitling the site.
- A description of how the development team will approach the project and the team's approach to working with the District and the City of Oakland.
- Detailed description of the proposed development consisting of a site plan illustrating proposed building locations. NOTE: The Site Plan will be considered a Conceptual Plan and will be subject to adjustment and District approval once a Proposer(s) has been selected and the details of the project are finalized through the negotiation process.

SECTION 4 – PROJECT TIMETABLE AND CRITICAL ENTITLEMENT ISSUES

This section should include a general redevelopment or rehabilitation timetable showing the various planning and entitlement steps, duration, estimated starting period, deposit amounts, and any phasing contemplated. As to acquiring the entitlements or permit approvals necessary for execution of the proposed redevelopment or rehabilitation plan, please provide a narrative description of the issues the proposer has identified as critical. Also, please be sure that the timetable of approximate dates for obtaining these entitlements is realistic – in requesting both the narrative and timetable, the goal of the District is to assess the proposer's understanding of the redevelopment or rehabilitation process rather than solicit an unrealistically aggressive schedule for this process (although a realistic ability to expedite the process is seen as favorable).

SECTION 5 – FINANCIAL CAPABILITY

The proposer shall provide a narrative describing the proposer's approach to financing the project. The narrative shall identify any perceived challenges to financing the project and proposed innovations to meet those challenges. The proposer shall include in the narrative the most significant risks to the District and the proposer with respect to financing the project and how those risks can be addressed, mitigated or allocated. The narrative shall also include:

- The name of the entity or entities responsible for financing the project.
- The sources of funding (e.g. grants, notices of funding availability, private equity, tax credits, bonds, commercial loan, bond financing, etc.) and any letters of interest or commitment letters from equity partners, lenders, or other organizations providing funds towards the project.
- The precautions that will be taken to ensure no financial risk or credit risk to the District is incurred based upon the manner of financing the project.

SUBMISSION FORMAT

The proposer shall submit a PDF version of their proposal via email. Proposals should be organized according to the previous section, and should include at least the requested information.

All proposals must be received at or before **4:00 p.m. on Monday, November 9, 2020**, via email to Jamil Muchell at jmuchell@dcgstrategies.com **AND** Lauren Jennings at ljennings@dcgstrategies.com. Any proposals submitted after the deadline will not be considered.

The District’s contacts for all matters regarding the Property are:

Jamil Muchell
DCG Strategies
7600 Dublin Blvd., Suite 275
Dublin, CA 94568
(925) 464-1979
jmuchell@dcgstrategies.com

Lauren Jennings
DCG Strategies
7600 Dublin Blvd., Suite 275
Dublin, CA 94568
(925) 237-9218
ljennings@dcgstrategies.com

All correspondence regarding the RFP process **must be in writing by email** to Jamil and Lauren.

The District reserves the right to terminate this process at any point prior to the selection of a proposer, and solicitation of proposals in no way obligates the District to proceed with any agreement or development.

RIGHT TO REJECT

At any phase, the District reserves the right to terminate, suspend, or modify the proposal process, reject any or all submittals, and waive any minor irregularities in the proposal process.

EXHIBIT A: PROPERTY AERIAL

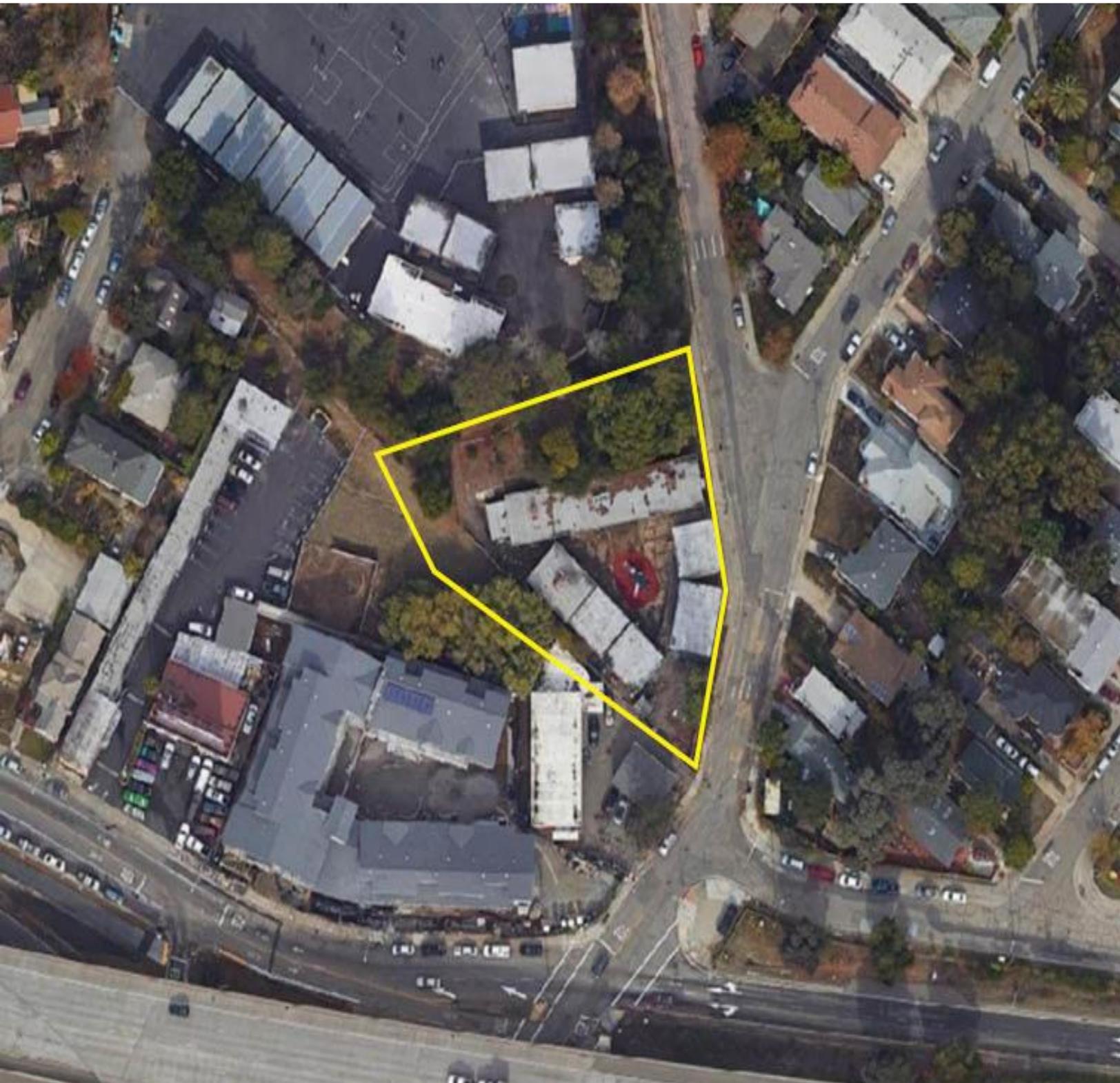


EXHIBIT B: COMMUNITY INPUT

ITEMS OF NOTE FOR CONSIDERATION FOR PROPOSALS

The below items were comments of importance to the community and the District regarding a residential development as discussed in the September 19, 2019 community meeting. Any proposal should incorporate and address at least one of the below items.

- Affordable Housing
- Workforce Housing
- Teacher Housing
- Mixed Income Housing
- Transitional Housing