

**CITY OF OAKLAND**  
**COUNCIL AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
CITY OF OAKLAND

2004 MAR 11 PM 12:37

TO: Office of the City Manager and Agency Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: March 23,2004

RE: ORDINANCE AUTHORIZING THE SALE OF TWO LOTS ON DOVER STREET AT 57TH STREET TO THE ROTARY CLUB OF OAKLAND, INC., AT NO COST FOR DEVELOPMENT WITH AFFORDABLE HOUSING BY THE PERALTA COMMUNITY COLLEGE DISTRICT

RESOLUTION AUTHORIZING THE SALE AT FAIR MARKET VALUE OF THE DUPLEX AT 1072 55TH ST. TO AN OWNER OCCUPANT

ORDINANCE RESCINDING ORDINANCE 12220 C.M.S. AND AUTHORIZING THE NEGOTIATION AND EXECUTION OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH RICHARD N. PUKATCH TO PROVIDE FOR THE SALE AT FAIR MARKET VALUE AND DEVELOPMENT OF THREE CITY-OWNED PROPERTIES AT 14308<sup>TH</sup> ST., 816 CENTER ST., AND 1728 14<sup>TH</sup> ST. WITH MARKET-RATE HOUSING

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SUMMARY

The Community and Economic Development Agency (CEDA) recommends the sale of several parcels for housing development. Of the parcels listed above, the two on Dover Street are only included here to correct an oversight in a December 2000 resolution by authorizing sale to the Rotary Club of Oakland. Under an agreement between the Rotary Club and Peralta Community Colleges, students from Laney College are building *two* affordable homes on the Dover Street parcels.

The City-owned duplex at 1072 55<sup>th</sup> Street was acquired by the City through a foreclosure action, to avoid loss of the property and City funds to *the* construction lender. Sales proceeds will be used to assist development of affordable housing at other locations.

Staff recommends that three West Oakland parcels on 8<sup>th</sup>, Center, and 14<sup>th</sup> Streets be sold to developer Richard Pukatch at market value, for housing development. Mr. Pukatch owns **or** is in contract for parcels which adjoin these, and is therefore able to develop more units than would otherwise be possible. His proposal also provides for development of five blighted vacant lots.

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## **FISCAL IMPACTS**

The Dover Street properties being developed by Laney College students are to be transferred at no cost, and will therefore generate no revenue. The value of the lots to the City, approximately \$180,000 represents subsidy to the project. These parcels were originally acquired by the City as part of the Martin Luther King Jr. Plaza complex.

The duplex on 55<sup>th</sup> Street is expected to sell for approximately \$415,000. This property, originally developed as City-assisted affordable housing, had to be taken back from the developer through a foreclosure which involved loan purchases and other costs. After costs of selling, net revenue to the Agency will be deposited into the Stanford-Adeline Redevelopment Project.

The parcel at 1728 14<sup>th</sup> Street was acquired for \$5,640 in 1996, and will be sold for market value, approximately \$45,000. The parcels at 8<sup>th</sup> and Center were acquired in 1988 for a total of \$26,000, and will also be sold for market value, now estimated at \$90,000 to \$95,000. Proceeds from all three parcels will be CDBG Program Income (Fund 2108).

Maintenance costs for the West Oakland lots have averaged about \$3000 annually in recent years (from Fund 2108); this expense will be avoided once they are sold.

## **BACKGROUND**

Each of the three actions recommended here involve sites intended for development of affordable housing. The sites on Dover are the last two lots of a 13-unit subdivision at the sides and rear of Martin Luther King Jr. Plaza (formerly old Merritt College) in North Oakland. The first 11 of those lots were developed with single-family homes in 2002, and are now owned and occupied by low- and moderate-income families. The same designs are being used for the Laney/Rotary homes, and similar affordability restrictions will apply. In 2001, the City entered into an agreement with the Rotary Club to administer the development of homes by Laney College on these two lots. The resolution did not include the formal transfer of the lots at no cost, though the intended action was noted in the staff report.

The 55<sup>th</sup> Street site (near San Pablo Avenue) was acquired specifically for affordable housing development. The duplex now on the site was built several years ago by a small developer who unfortunately had financial difficulties, and faced foreclosure from his construction lender. To stop that foreclosure and the resulting loss of the affordable units and City funds, the City purchased the loans and took the property through its own foreclosure. To recover the expenses of that foreclosure, staff recommends selling the duplex on the open market, with the condition that the buyer occupy the property. Sales proceeds will be used to develop affordable housing at other locations.

The three West Oakland sites were also specifically acquired for affordable housing. Because previous agreements with other developers did not proceed, staff recommends sale of the property. However, for these lots, staff recommends sale to the owner of the adjoining parcels,

rather than on the open market. That owner is Richard Pukatch, who has successfully purchased, rehabilitated, and now rents out 20 units in 11 buildings, all but one of which is in West Oakland. Pukatch owns the lot adjacent to the City's lot on 14<sup>th</sup>, and has a purchase agreement for the adjacent parcel at 8<sup>th</sup> and Center. By assembling these groups of lots, he will be able to develop more units than would be possible otherwise (nine as opposed to six). This higher density will still be in character with the surrounding properties.

### **KEY ISSUES AND IMPACTS**

The actions concerning the Dover and 55<sup>th</sup> Street properties are essentially technical, to allow for final sale of two affordable homes in the first case, and for completion of a foreclosure liquidation in the second.

The two key impacts from the sale of the West Oakland lots will be ending the blight caused by five vacant lots (including the developer's), and the development of nine new units of housing. While these units will not be formally restricted as affordable, market housing costs in West Oakland are relatively low, so the supply of lower-cost housing will be expanded.

### **PROJECT DESCRIPTION**

As described above in Background, the 55<sup>th</sup> Street lot has an existing duplex, and the Dover Street lots will both have new single-family homes with designs that compliment those nearby. In West Oakland at 1728 14<sup>th</sup>, the combination of the City lot and the adjoining developer's lot will allow for four spacious live-work units in a two-story building, with six off-street parking spaces.

The 8<sup>th</sup> and Center site is one block northeast from the West Oakland BART station, and directly across 8<sup>th</sup> Street from Mandela Gateway, the BRIDGE/Oakland Housing Authority development now under construction. The City's two parcels are alongside a former gas station site at 800 Center Street, a parcel for which the developer now holds a purchase contract. If the three lots are combined, they form a 13,300 square foot parcel, large enough for a proposed five-unit building. The units will tentatively be condominiums, for sale or rental at market rates.

Chevron USA Inc. accepts responsibility for cleanup of the corner lot, and has done substantial work already. However, completion of the work requires a specific development plan, to be sure that the most appropriate techniques are used. Staff believes the proposed developer is qualified to manage both the planned construction and the needed coordination with Chevron.

### **DISABILITY AND SENIOR CITIZEN ACCESS**

The homes covered by these actions are generally intended for families or live-work residents, and will not provide for senior or disabled access. The Dover and 55<sup>th</sup> Street units are already either completed or under construction; the West Oakland lots will be sold without the subsidies typically needed to provide for accessibility features.

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## **SUSTAINABLE OPPORTUNITIES**

### **Economic**

The actions recommended here will provide **13** units of private-sector housing, 11 of which will be new. In the short term, those 11 will provide construction jobs for Oakland-based workers and companies, and all of the units will generate new property tax revenues.

### **Environmental**

The developments proposed here bring all the advantages that urban infill has over development at the suburban edge: reduced driving time, better access to public transit, efficient use of existing infrastructure, and preservation of agricultural and undeveloped land. The two homes on Dover Street, being built by Laney College students, are intentionally making use of all available green building techniques and materials. The new construction in West Oakland will meet or exceed the requirements of the City's Sustainable Development Initiative.

### **Social Equity**

These actions will provide new housing for 11 households, including two affordable ownership units on Dover, as well as private ownership for the existing duplex on 55<sup>th</sup>. Though the units in West Oakland and on 55<sup>th</sup> will not have formal affordability restrictions, all are in areas where market-rate housing prices are relatively affordable,

**As** an additional advantage, six blighted vacant lots will be replaced with new housing, with residents who will have a major stake in their communities.

**ACTION REQUESTED OF THE CITY COUNCIL AND REDEVELOPMENT AGENCY**

Staff recommends that the City Council and Redevelopment Agency approve the proposed ordinances and resolution, to provide for the sale of four units of housing in North Oakland, and for the development of nine units of new housing on presently vacant lots in West Oakland.

Respectfully submitted,

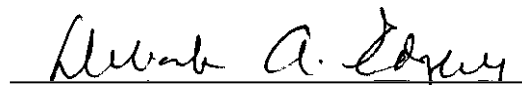


DANIEL VANDERPRIEN

Director of Redevelopment, Economic  
Development and Housing

Prepared by:  
Roy L. Schweyer, Director,  
Housing and Community Development  
Jeffrey D. Angell  
Housing Development Coordinator

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC  
DEVELOPMENT COMMITTEE



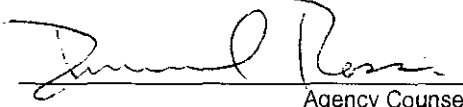
Deborah A. Edgerly  
Office of the City Manager and Agency Administrator

Item 4

Community and Economic Development Committee  
March 23, 2004

OFFICE OF THE CITY CLERK

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APPROVED AS TO FORM AND LEGALITY:  
  
Agency Counsel

**REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND**

**RESOLUTION No. \_\_\_\_\_ C.M.S.**

**RESOLUTION AUTHORIZING THE SALE AT FAIR MARKET VALUE OF THE  
DUPLEX AT 1072 55TH STREET TO AN OWNER OCCUPANT**

**WHEREAS**, the Redevelopment Agency of the City of Oakland is the owner of the parcel and improvements (the "Property") in the City of Oakland, Alameda County, State of California, commonly known as 1072 55<sup>th</sup> Street (APN 015-1308-009), and more particularly described in the attached Exhibit A; and

**WHEREAS**, the Redevelopment Agency, pursuant to Agency Resolution No. 2003-76, passed November 4, 2003, and City of Oakland Ordinance No. 12554 C.M.S., passed November 18, 2003, makes payments on a promissory note held by the City of Oakland and executed by the Agency for its purchase of the Property; and

**WHEREAS**, the Redevelopment Agency desires to sell the Property to a person or persons willing to occupy one unit of the duplex on the Property as their primary residence (the "Buyer"); and

**WHEREAS**, the Agency has held a public hearing on this sale to the Buyer, notice of which was given by publication at least once a week for two weeks in a newspaper of general circulation; and

**WHEREAS**, the Agency is the Lead Agency for this project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); and

**WHEREAS**, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now, therefore, be it

**RESOLVED:** That the Redevelopment Agency hereby authorizes the Agency Administrator or her designee to sell the Property to a Buyer, upon entry by the Buyer into an agreement to live in the Property as their primary residence throughout their term of ownership, and upon satisfaction of any other pre-conveyance conditions imposed by the Agency Administrator or her designee; and be it further

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**RESOLVED:** That the Agency Administrator, or her designee, is hereby authorized to negotiate and execute a Purchase and Sale Agreement with the Buyer for the Property to govern its transfer, and to negotiate a purchase price for the Property, which shall not be less than its fair market value; and he it further

**RESOLVED:** That proceeds of the sale will be deposited into the Stanford-Adeline Redevelopment Project; and be it further

**RESOLVED:** That the Agency Administrator is also authorized to execute a grant deed to convey the Property, upon satisfaction of pre-conveyance conditions in the Purchase and Sale Agreement; and be it further

**RESOLVED:** That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because the sale of the Property is exempt from CEQA pursuant to Section 15312 (surplus government property sales) of the CEQA Guidelines; and be it further

**RESOLVED:** That all documents shall be approved as to form and legality by Agency Counsel.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2004

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, AND CHAIRPERSON DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_  
CEDA FLOYD  
Secretary of the Redevelopment Agency  
of the City of Oakland

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**EXHIBIT A**

**Legal Description of 1072 55<sup>th</sup> Street"**

Lot 20 in Block "D", as said lot and block are delineated and so designated upon that certain map entitled "The Gaskill Tract", filed February 2, 1877, in Book 17 of Maps, Page 40, Alameda County Records.

Assessor's Parcel No. 015-1308-009

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OFFICE OF THE CITY CLERK APPROVED AS TO FORM AND LEGALITY

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

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CITY ATTORNEY

ORDINANCE NO. \_\_\_\_\_ C.M.S.

**ORDINANCE AUTHORIZING THE SALE OF TWO LOTS ON DOVER STREET AT 57TH STREET TO THE ROTARY CLUB OF OAKLAND, INC., AT NO COST FOR DEVELOPMENT WITH AFFORDABLE HOUSING BY THE PERALTA COMMUNITY COLLEGE DISTRICT**

**WHEREAS**, the City of Oakland is the owner of the two lots (the "Properties") in the City of Oakland, Alameda County, State of California, on Dover Street opposite the end of 57<sup>th</sup> Street, and more particularly known as lots 12 and 13 of Tract Number 7226, filed November 26, 2001 in Alameda County Records; and

**WHEREAS**, the City desires to transfer ownership of the Properties to the Rotary Club of Oakland, Inc., or an affiliated entity ("Developer") pursuant to Resolution No. 76207 C.M.S., passed January 9, 2001; and

**WHEREAS**, Developer proposes to develop on the Properties two homes affordable to low- and moderate-income households; and

**WHEREAS**, this development will be done through the Laney College Building Trades Program, pursuant to the August 24, 2001 "Agreement Between Redevelopment Agency of the City of Oakland, Peralta Community College District, and the Rotary Club of Oakland," which provides for City-assisted development and sale of residential property by the Rotary Club in conjunction with housing construction by Laney College students; and

**WHEREAS**, the City is the Lead Agency for this project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); and

**WHEREAS**, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; and

**WHEREAS**, the City Council has adopted Ordinance No. 11602 C.M.S., which established procedures for the sale and lease of City-owned property which is surplus; now, therefore

The Council of the City of Oakland does ordain as follows:

**SECTION 1.** The City authorizes the sale of the Properties to the Developer at no cost, in return for the commitment to develop *two* homes affordable to low- and moderate-income households.

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**SECTION 2.** The City Manager is authorized to negotiate and execute agreements and execute grant deeds as needed to convey the Properties to the Developer.

**SECTION 3.** That upon completion of homes on the Properties, they shall be sold to low- and moderate-income households at a price affordable to low- and moderate-income households.

**SECTION 4.** Pursuant to Section 6 of Ordinance No. 11602 C.M.S., it is determined to be in the best interest of the City to sell the Properties by negotiated sale due to the intended use of the Properties for the development and sale of affordable housing units under the Laney College program.

**SECTION 5.** The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines that this action complies with CEQA because the sale and development of the Properties is exempt from CEQA pursuant to Sections 15303 (new construction of small structures), 15312 (surplus government property sales), 15280 (lower-income housing projects), and 15332 (infill housing development) of the CEQA Guidelines.

**SECTION 6.** The City Manager or his or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this project.

**SECTION 7.** All documents shall be approved as to form and legality by the City Attorney.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES-                    BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, AND  
                                  PRESIDENT DE LA FUENTE

NOES-                    \_\_\_\_\_

ABSENT-                \_\_\_\_\_

ABSTENTION-         \_\_\_\_\_

ATTEST: \_\_\_\_\_

CEDA FLOYD  
City Clerk and Clerk of the Council  
of the City of Oakland, California

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**NOTICE AND DIGEST**

ORDINANCE AUTHORIZING THE SALE OF TWO LOTS ON DOVER STREET AT 57TH STREET TO THE ROTARY CLUB OF OAKLAND, INC., AT NO COST FOR DEVELOPMENT WITH AFFORDABLE HOUSING BY THE PERALTA COMMUNITY COLLEGE DISTRICT

This ordinance authorizes transfer of two lots on Dover Street to the Rotary Club of Oakland for development and sale of two affordable homes. Laney College students will do the construction.

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OFFICE OF THE CITY CLERK

APPROVED AS TO FORM AND LEGALITY

INTRODUCED BY COUNCILMEMBER \_\_\_\_\_

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*[Signature]*  
CITY ATTORNEY

**ORDINANCE NO. \_\_\_\_\_ C.M.S.**

**ORDINANCE RESCINDING ORDINANCE 12220 C.M.S. AND AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH RICHARD N. PUKATCH FOR THE SALE AT FAIR MARKET VALUE AND DEVELOPMENT OF THREE CITY-OWNED PROPERTIES AT 1430 8<sup>TH</sup> STREET, 816 CENTER STREET, AND 1728 14<sup>TH</sup> STREET WITH MARKET-RATE HOUSING**

**WHEREAS**, the City of Oakland is the owner of the vacant lots (the "Properties") in the City of Oakland, Alameda County, State of California, commonly known as 1430 8th Street (Assessor's Parcel No. 004-0067-015, Site Map-14), 816 Center Street (Assessor's Parcel No. 004-0067-017, Site Map-14) and 1728 14th Street (Assessor's Parcel No. 007-0551-011, Site Map-12), and shown as cross-hatched parcels on the Site Maps attached hereto and made a part hereof; and

**WHEREAS**, Ordinance 12220 C.M.S., passed on March 14, 2000, authorized the City Manager to negotiate a Disposition and Development Agreement with the Oakland Housing Authority for the two parcels at 1430 8<sup>th</sup> Street and 816 Center Street; and

**WHEREAS**, that Disposition and Development Agreement was not successfully negotiated, and the Oakland Housing Authority has indicated that it will not pursue the negotiations further; and

**WHEREAS**, Richard N. Pukatch, or an affiliated entity, (the "Developer") proposes to develop on the Properties nine units of market-rate housing; and

**WHEREAS**, the City is the Lead Agency for this project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); and

**WHEREAS**, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; and

**WHEREAS**, the City Council has adopted Ordinance No. 11602 C.M.S., which established procedures for the sale and lease of City-owned property which is surplus; now, therefore

The Council of the City of Oakland does ordain as follows:

**SECTION 1.** The City Council hereby rescinds Ordinance No. 12220 C.M.S

**SECTION 2.** Pursuant to Section 6 of Ordinance No. 11602 C.M.S., it is determined to be in the best interest of the City to sell the Properties by negotiated sale due to the intended use of the

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Properties for the development of housing units, in numbers greater than otherwise possible due to sale to an abutting owner and subsequent combination of lots.

**SECTION 3.** The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines that this action complies with CEQA because the sale and development of the Properties is exempt from CEQA pursuant to Sections 15303 (new construction of small structures), 15312 (surplus government property sales) and 15332 (infill housing development) of the CEQA Guidelines.

**SECTION 4.** The City Manager or his or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this project.

**SECTION 5.** The City Manager or his or her designee is hereby authorized to negotiate and execute a Disposition and Development Agreement ("DDA") with the Developer for the Properties to govern their sale and development with nine units of market-rate housing, and to negotiate a purchase price for the Properties, which shall not be less than their fair market value.

**SECTION 6.** The City Manager is also authorized to execute grant deeds to convey the Properties to the Developer upon satisfaction of preconveyance conditions in the DDA.

**SECTION 7.** Upon completion of units on the Properties, all may be sold, rented, or leased at market rate without income restrictions.

**SECTION 8.** Sales proceeds will be allocated to Community Development Block Grant Funds, Program Income, Fund 2108.

**SECTION 9.** All documents shall be approved as to form and legality by the City Attorney.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, AND  
PRESIDENT DE LA FUENTE

NOES- \_\_\_\_\_

ABSENT- \_\_\_\_\_

ABSTENTION- \_\_\_\_\_

ATTEST: \_\_\_\_\_

CEDA FLOYD  
City Clerk and Clerk of the Council  
of the City of Oakland, California

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MAR 23 2004**

**NOTICE AND DIGEST**

ORDINANCE RESCINDING ORDINANCE 12220 C.M.S. AND AUTHORIZING THE NEGOTIATION AND EXECUTION OF A DISPOSITION AND DEVELOPMENT AGREEMENT WITH RICHARD N. PUKATCH TO PROVIDE FOR THE SALE AT FAIR MARKET VALUE AND DEVELOPMENT OF THREE CITY-OWNED PROPERTIES AT 1430 8<sup>TH</sup> ST., 816 CENTER ST., AND 1728 14<sup>TH</sup> ST. WITH MARKET-RATE HOUSING

This ordinance authorizes negotiation of a disposition and development agreement to sell the three lots listed to a developer at market value, for development of new housing.

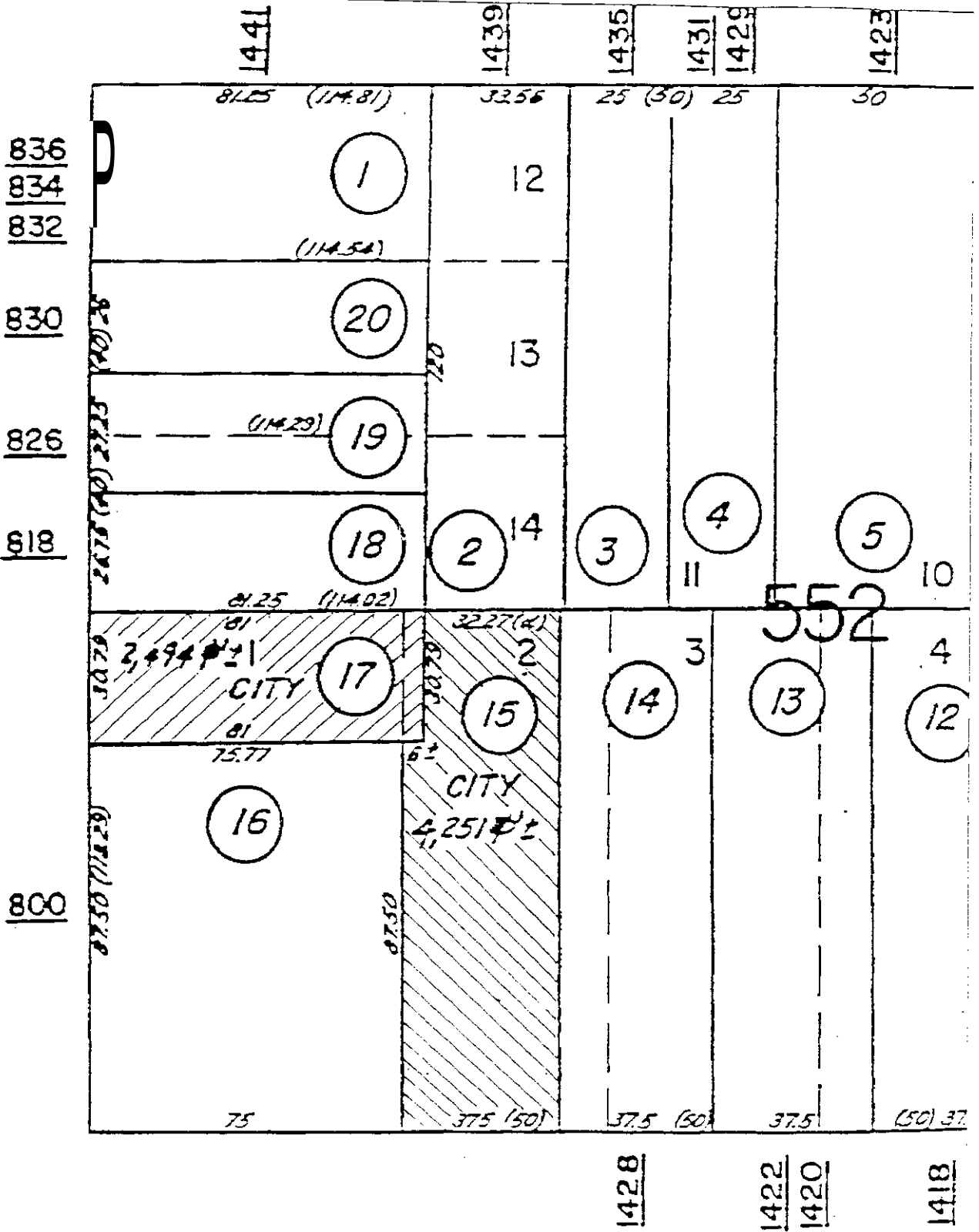
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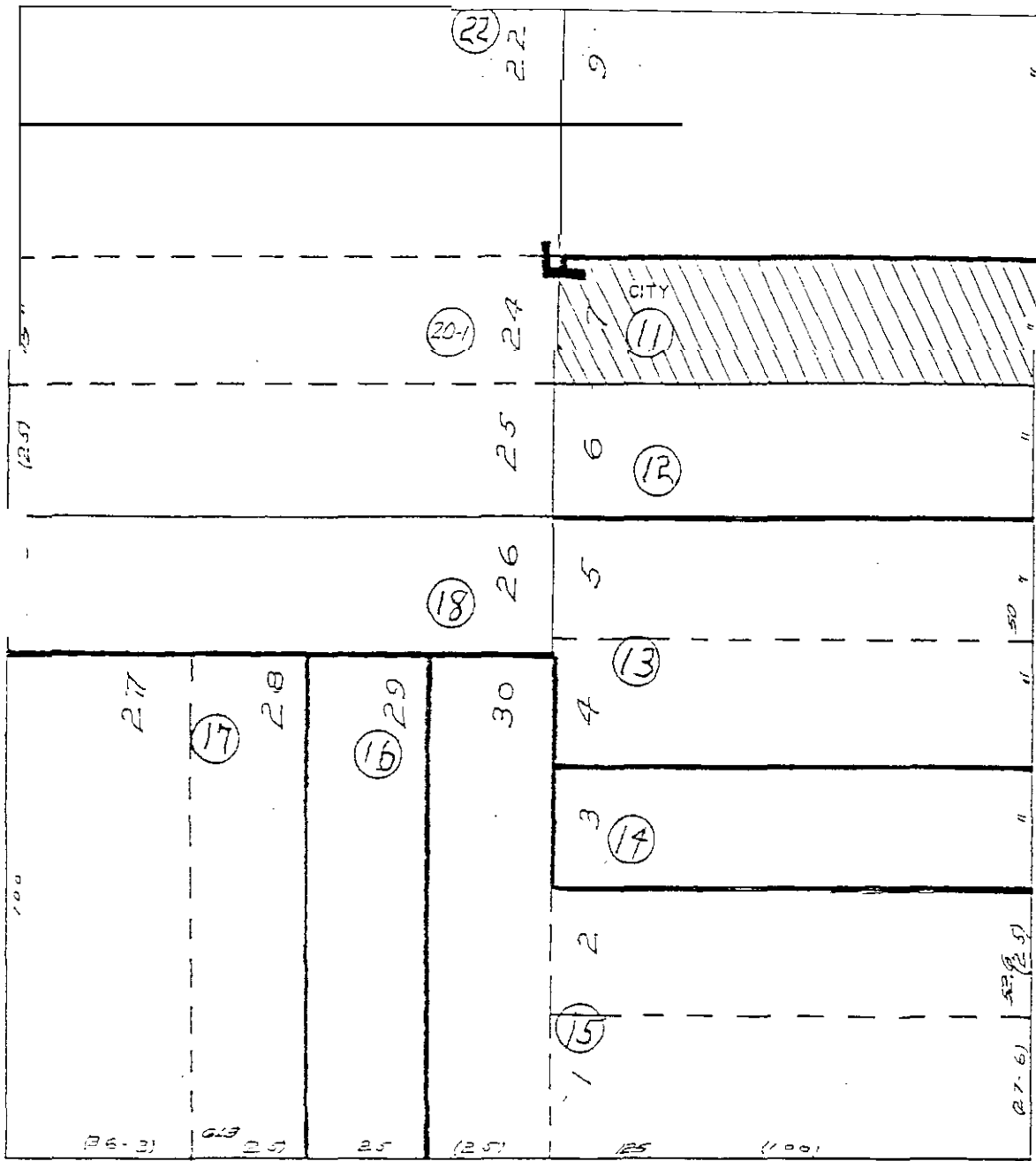
CENTER

8. ST.



8 TH COMMUNITY & ECONOMIC DEVELOPMENT CMTE  
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SITE MAP -14  
 (WEST OAKLAND)



Wood Street

Fourteenth

556

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SITE MAP 12  
MAR 28 2004  
(WEST OAKLAND)