

CITY OF OAKLAND
AGENDA REPORT

2009 MAY 14 PM 4: 25

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: May 26, 2009

RE: An Ordinance Authorizing 1) The Sale At No Cost Of One City Owned Single Family Dwelling At 453 Ashton Avenue And Two City Owned Parcels At 2656 And 2660 98th Avenue To The Rotary Club Of Oakland, Inc. For The Development Of Affordable Housing By The Peralta Community College District Under The City/Peralta/Rotary House Project, And 2) The Allocation Of \$10,000 From The Proceeds Of Each Sale To The Laney College Tool Fund

SUMMARY

An Ordinance has been prepared for the City Council. The proposed Ordinance will:

1. Authorize the sale, at no cost of one City-owned single family dwelling located at 453 Ashton Avenue and two City-owned vacant parcels located at 2656 and 2660 98th Avenue to the Rotary Club of Oakland, Inc. for the development of affordable housing by the Peralta Community College District under the City/Peralta/Rotary House Project.
2. Authorize the allocation of \$10,000 of the net proceeds of each sale to the Laney College tool fund.

The proposed house building project will convert a foreclosed, abandoned, substandard property and two underutilized vacant lots into new housing. The new homes will then be sold to first time homebuyers at an affordable price. The new housing will in turn generate property transfer taxes, increase neighborhood property values and eliminate chronically blighted conditions. The development will also eliminate the requisite Code Enforcement staff costs, maintenance and board-up costs as well as remove the attractive nuisance of a vacant unused structure and the potential fire hazard of the underutilized vacant lots.

FISCAL IMPACT

No new funds are required to implement the development identified in the Ordinance. The property at 453 Ashton Avenue is an abandoned, foreclosed property donated to the City by Wells Fargo Bank. The properties at 2656 and 2660 98th Avenue are City owned surplus parcels. The City will provide the land and the structure in need of development and improvement, as well as construction monitoring services.

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Council Resolution No. 76207 C.M.S. adopted in 2001 provided for the appropriation of \$200,000 to finance the City/Laney College/Rotary Club Partnership Program as a revolving fund and administered by the Rotary Club of Oakland. The sale of each unit will provide for the recapture of all funds expended for construction costs. The recaptured funds will be deposited into the revolving funds account, administered by the Rotary Club, and used to fund future Laney College new construction and/or rehabilitation projects.

BACKGROUND

In 1989, the City of Oakland's Office of Community Development, the Peralta Community College District, and the Rotary Club of Oakland formed a partnership to provide a "hands-on" construction training program for students enrolled in construction technology classes at Laney College. The intent of the partnership was to create affordable housing for low and moderate-income families. In 2001 the City, Peralta, and the Rotary Club entered into a Memorandum of Understanding and an Agreement that governs the City/Peralta/Rotary House Project.

Under the Project, the City provides land and/or structures in need of improvement or development, as well as design and construction monitoring services. The projects are constructed for the cost of materials and related soft costs only. The college students, under the close supervision of Laney College faculty and licensed contractors, provide free labor.

It is estimated that construction labor costs account for over 60% of the total cost of each project. The savings gained from the donated labor allow the City to meet all of the project costs and deliver housing at an affordable price. The completed homes have been typically sold for a price less than market value, which allows selected buyers to qualify for purchase loans from competing outside mortgage lenders. The City is then able to realize cash on the sale, enabling the City to "recycle" money for new projects.

Laney College, under the jurisdiction of the Peralta Community College District, has maintained a successful Building Trades Educational Program and is currently expanding upon its sustainable building curriculum. Students who have participated in the Partnership have benefited from the hands on "real world" training provided by the program.

The Rotary Club of Oakland has administered a program to provide affordable housing for the citizens of Oakland and opportunities for education and training in the building trades for the youth of Oakland for more than forty (40) years. The result of that experience has been the construction and sale of reasonably priced homes to first-time homebuyers on land provided by the City and the Redevelopment Agency. For example, in 2001 all architectural and construction management activities for the 5671 and 5675 Dover Street project was performed by the Rotary Club. The project included an emphasis on sustainable "green" components and energy efficient plumbing, electrical and mechanical systems.

Since the initial venture with Laney College, the partnership has completed the following projects:

PROPERTY ADDRESS	PROPERTY TYPE	COST TO COMPLETE	SALES PRICE
779 20 th Street	New Single Family	\$70,000	\$115,000
1517-19 West St.	Rehab Victorian Duplex	\$75,000	\$250,000
1002 Magnolia St.	New Single Family	\$70,000	\$115,000
1517-19 Linden St.	New Duplex	\$125,000	\$195,000
1433-35 Myrtle St	New Duplex	\$250,000	\$350,000
678 24 th St.	Rehab Single Family	\$122,234	\$200,000
5671 Dover St.	New Single Family	\$240,000	\$410,000
5675 Dover St.	New Single Family	\$370,000	\$400,000
TOTAL	11 Units	\$1,322,234	\$2,035,000

KEY ISSUES AND IMPACTS

One of the stated Mayor/Council priorities is to combat blight, improve the physical appearance, livability and integrity of the City’s neighborhoods, and improve economic and housing opportunities in the City’s neighborhoods. The shortage of housing affordable to low income citizens is also inherent in the Mayor/Council Priority Objectives. In keeping with these objectives, the proposed project will market and sell the properties to qualified, low to moderate income families.

Projects previously completed by the City of Oakland, Laney and the Rotary have transformed publicly owned vacant lots and blighted, abandoned buildings into tax-producing, owner-occupied homes. Construction activity has inspired other home improvement activity in the neighborhood. Building trade students have benefited from professionally supervised, hands-on training. Properties once considered a blight on the neighborhood are now looked upon with pride.

Despite the considerable decline in federal support for assisted housing, many municipalities have undertaken a variety of public/private partnerships to expand the supply of affordable housing. The City of Oakland continues to be committed to facilitating this activity.

The proposed project will convert an existing foreclosed, substandard structure and two neglected and underutilized parcels into new housing and provide educational and vocational opportunities through the Peralta Community College District.

SUSTAINABLE OPPORTUNITIES

Economic: The Partnership promotes economic growth by actively engaging youth, persons in career transition and ex-offenders, through Community College experience and vocational training. It also incorporates quality of life issues, such as education and economic development, while generating an expanded housing inventory, property tax revenue and increasing the degree of local ownership.

Environmental: The Partnership promotes clean and renewable energy and building practices. Laney College's Carpentry Department curricular currently includes sustainable practices and applications. The Dover Street Projects offered students an opportunity to learn the practical applications of building eco-friendly houses. The construction of both homes demonstrated how energy efficiency, resource reuse, resource conservation and other cost effective green strategies could be incorporated into houses built with moderate budgets.

Social Equity: As mentioned in the summary, the development of the substandard and under utilized properties will eliminate attractive nuisances, mitigate blighted properties, generate tax revenues, and contribute to Neighborhood Stabilization.

DISABILITY AND SENIOR CITIZEN ACCESS

The Partnership is actively creating project designs that will ensure that units meet the on-going requirements of building codes as well as the needs of senior citizens and persons with disabilities.

RECOMMENDATIONS AND RATIONALE

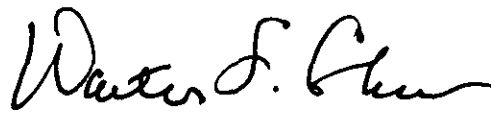
Staff recommends approval of the Ordinance authorizing the sale, at no cost of one City owned single family dwelling located at 453 Ashton Avenue and two City owned vacant parcels located at 2656 and 2660 98th Avenue to the Rotary Club of Oakland, Inc., for the development of affordable housing by the Peralta Community College District. These projects will enhance the students' skills and have a positive impact on the employment opportunities available to students completing the Laney College curriculum for building trades. In addition this project will assist in increasing the availability of affordable housing for families in the City of Oakland.

It is further recommended that \$10,000 of the net proceeds of each sale be allocated to the Laney College tool fund. This contribution will assist Laney in procuring the necessary replacement tools to support its program of providing hands on training in the building trades.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests approval of the attached Ordinance.

Respectfully Submitted,



Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by:
Sean Rogan, Deputy Director
Housing and Community Development

Prepared by:
Lloyd Ware, Manager
Residential Lending and Rehabilitation

APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:



Office of the City Administrator


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CED Committee
May 26, 2009



NOTICE AND DIGEST

ORDINANCE AUTHORIZING THE SALE AT NO COST OF ONE CITY-OWNED SINGLE FAMILY DWELLING AT 453 ASHTON AVENUE AND TWO CITY-OWNED PARCELS AT 2656 AND 2660 98TH AVENUE TO THE ROTARY CLUB OF OAKLAND, INC., FOR THE DEVELOPMENT OF AFFORDABLE HOUSING BY THE PERALTA COMMUNITY COLLEGE DISTRICT UNDER THE CITY/PERALTA/ROTARY HOUSE PROJECT.

This ordinance authorizes transfer of three properties, 453 Ashton Avenue and two lots at 2656 98th Avenue and 2660 98th Avenue to the Rotary Club of Oakland for development and sale of three affordable homes. Laney College Students will do the construction.


Deputy City Attorney

OAKLAND CITY COUNCIL
ORDINANCE NO. _____ C.M.S.

AN ORDINANCE AUTHORIZING 1) THE SALE AT NO COST OF ONE CITY-OWNED SINGLE FAMILY DWELLING AT 453 ASHTON AVENUE AND TWO CITY-OWNED PARCELS AT 2656 AND 2660 98TH AVENUE TO THE ROTARY CLUB OF OAKLAND, INC., FOR THE DEVELOPMENT OF AFFORDABLE HOUSING BY THE PERALTA COMMUNITY COLLEGE DISTRICT UNDER THE CITY/PERALTA/ROTARY HOUSE PROJECT, AND 2) THE ALLOCATION OF \$10,000 FROM THE PROCEEDS OF EACH SALE TO THE LANEY COLLEGE TOOL FUND

WHEREAS, the City of Oakland is the owner of three properties in the City of Oakland, Alameda County, State of California at 453 Ashton Avenue, APN: 045-5292-014, and two lots at 2656 98th Avenue, APN: 048-5617-009, and 2660 98th Avenue, APN: 048-5617-010 (together, the "Properties"); and

WHEREAS, the City desires to transfer ownership of the Properties to the Rotary Club of Oakland, Inc., or an affiliated entity ("Developer") for development by the Peralta Community College District under the City/Laney College/Rotary Club Partnership Program, established pursuant to Resolution No 76207 C.M.S., passed January 9, 2001, which was created to provide a "hands-on" construction training program for students enrolled in construction technology classes at Laney College, and the agreements entered into under the Program; and

WHEREAS, Developer proposes to develop on the Properties three homes affordable to low and moderate income households; 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 authorizes the sale of the Properties to the Developer at no cost, in return for the commitment to develop three homes affordable to low-and moderate-income households under the City/Laney College/Rotary Club Partnership Program.

Section 2. The City Administrator is authorized to negotiate and execute agreements and execute grant deeds as needed to convey the Properties to the Developer.

Section 3. Upon completion of homes on the Properties, they shall be sold to low-and moderate-income first-time homebuyers 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 City/Laney College/Rotary Club Partnership Program.

Section 5. The City Council hereby authorizes \$10,000 from the proceeds of each sale to be allocated to the Laney College Tool Fund.

Section 6. 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 7. The City Administrator or his or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this project.

Section 8. All documents shall be approved as to form and legality by the City Attorney.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

DATE OF ATTESTATION: _____