

CITY OF OAKLAND

AGENDA REPORT


TO: Jestin D. Johnson
City Administrator

FROM: Emily Weinstein
Housing and Community
Development Director

SUBJECT: 606 Clara/9418 Edes LDDA

DATE: February 14, 2024

City Administrator Approval


Jestin Johnson (Feb 14, 2024 20:24 PST)

Date:

Feb 14, 2024

RECOMMENDATION

Adopt An Ordinance Authorizing A Lease Disposition And Development Agreement And A Ground Lease With Housing Consortium Of The East Bay, Or Its Affiliates, For The Development Of Affordable Housing On The Property Located At 606 Clara Street And 9418 Edes Avenue, And Making California Environmental Quality Act Findings For This Action

EXECUTIVE SUMMARY

The City of Oakland (City) owns two contiguous parcels located at 606 Clara Street and 9418 Edes Avenue, with a cumulative area of 26,311 square feet (.5 acres). On July 21, 2020, Council adopted [Resolution No. 88233 C.M.S.](#), which declared this property surplus pursuant to the Surplus Land Act.

On July 26, 2022, Council adopted [Resolution No. 89379 C.M.S.](#), which authorized staff to offer the 606 Clara/9418 Edes site via the City's Round 3 Homekey Request for Proposals (RFP). The City ultimately received two proposals through this RFP for the 606 Clara/9418 Edes site. The highest scoring proposal was led by DignityMoves, a San Francisco-based turnkey affordable housing developer. Under their proposal, the long-term owner and operator of the project would be the Housing Consortium of the East Bay (HCEB). The DignityMoves proposal is for 40 Permanent Supportive Housing (PSH) units dedicated to homeless seniors earning no more than 30% of Area Median Income, plus one manager's unit.

The proposed legislation would allow the City Administrator to enter into a Lease Disposition and Development Agreement (LDDA) and to set the terms and conditions for the ground lease of the 606 Clara/9418 Edes site to the Housing Consortium of the East Bay for a 55-year term. This ground lease will ultimately enable the DignityMoves/HCEB project team to pursue their 41-unit affordable housing project, DignityVillage, in the event of a State Homekey award.

BACKGROUND / LEGISLATIVE HISTORY

The 606 Clara/9418 Edes site is the combination of two parcels that were separately acquired by the City. Pursuant to [Resolution No. 2007-0049 C.M.S.](#), the City acquired the 606 Clara site from the Alameda County Tax Collector in 2007 for \$256,029 via a Chapter 8 Tax Sale. The parcel was vacant and tax defaulted prior to City acquisition. Pursuant to [Resolution No. 2008-0041 C.M.S.](#), the City of Oakland's Redevelopment Agency acquired the adjacent 9418 Edes site in 2008 for \$600,000. The site was vacant at the time of acquisition and was previously home to a liquor store.

On December 14, 2018, Council approved [Resolution No. 87483 C.M.S.](#), a resolution setting forth Oakland's public lands policy framework which prioritizes the use of City property to address its housing and shelter inequities and allow for zero-cost and discounted conveyances for projects that provide a benefit to the public including housing primarily for low-income and low-asset residents. [Resolution No. 88233 C.M.S.](#) designated the property at 606 Clara/9418 Edes as part of the City's public lands portfolio reserved for affordable housing.

In late 2021, HCEB proposed a Homekey Round 2 project for the 606 Clara/9418 Edes parcel that would have contained 82 modular affordable housing units. On January 18, 2022, Council adopted [Resolution No. 88984 C.M.S.](#), which authorized the City to serve as a co-applicant on this proposal to the State of California's Homekey Round 2 Notice of Funding Availability. The State of California did not select the project for funding under Homekey Round 2.

On July 26, 2022, Council adopted [Resolution No. 89379 C.M.S.](#), which authorized staff to offer the 606 Clara/9418 Edes site via the City's Round 3 Homekey Request for Proposals (RFP). The City subsequently issued a Homekey Round 3 RFP in October 2022 in anticipation of the March 29, 2023 State Homekey Round 3 Notice of Funding Availability release date.

ANALYSIS AND POLICY ALTERNATIVES

In response to the City's Round 3 Homekey RFP, two project teams made proposals for the 606 Clara/9418 Edes site. A project team led by DignityMoves proposed a modular, 41-unit permanent affordable housing development, "Dignity Village." A project team led by Habitat for Humanity East Bay submitted a modular, 30-unit transitional affordable housing development for Transition Aged Youth. Both of these proposals were strong concepts. However, there was only space on the site for one project, and the DignityMoves proposal was selected on the basis of their higher proposal score. In order to maximize the competitiveness of Oakland Homekey applications, the City's scoring criteria was based on the State Homekey program's scoring criteria. HCEB did not resubmit their Homekey Round 2 concept proposal and instead pursued a different Round 3 Homekey proposal at 1888 Martin Luther King Jr. Boulevard.

In their RFP application, DignityMoves proposed to serve as a turnkey developer. This means they would oversee the design and construction of the project before turning it over to the long-term owner and operator. DignityMoves has identified HCEB as the long-term operator for this project and HCEB is therefore the named party in this LDDA. Based on previous community engagement led by Councilmember Reid, the target population for this project will be seniors who are experiencing or at risk of homelessness. Dignity Village will feature a variety of on-site

amenities including laundry, case management offices, flex meeting space, a conference room, intake office, storage capacity, and indoor and outdoor community spaces. HCEB will provide case management, peer support activities, mental health care, substance abuse services, education and employment services, and additional supportive services for the residents on-site.

DignityMoves is a nonprofit affordable housing developer that has successfully completed modular interim affordable housing projects in Alameda, San Francisco, and Rohnert Park. DignityMoves' projects in Alameda and Rohnert Park were also Homekey projects, so they are familiar with the requirements and strict deadlines associated with Homekey. The [Housing Consortium of the East Bay](#) is a highly experienced operator and service provider for interim and permanent supportive housing. Based in Oakland, the Housing Consortium of the East Bay has previously operated City-funded interim programs including the HomeBase and Lake Merritt Lodge initiatives.

As of the date of this report, the State has not publicly announced if Dignity Village will receive State Homekey funding. However, staff recommend the Council move forward with the LDDA now to ensure that the project is able to meet the State's strict one-year completion deadline if the project is funded. If awarded State Homekey funds, Dignity Village will be Oakland's ninth funded Homekey project. This ordinance will therefore advance the City's objectives of housing, economic, and cultural security by expanding the supply of affordable housing.

FISCAL IMPACT

The proposed ordinance will have no significant fiscal impact. Staff anticipate that the lease negotiations authorized by this ordinance will result in a 55-year lease for a nominal rent of \$1/year. These funds will be accepted and deposited into City Entity (1), Coliseum: TA Bonds Series 2006B-TE (Tax Exempt) Fund (5656), Land Rental Miscellaneous Revenue Account (44219), new project to be determined, Coliseum Program (SC12).

In November 2023, the Council adopted [Resolution No. 89975 C.M.S.](#), which awarded \$4,100,000 in City capital funds and approximately \$2,217,051 in City operating funds to the Dignity Village project.

PUBLIC OUTREACH / INTEREST

Councilmember Reid previously held community meetings with neighborhood residents that identified affordable senior housing as a key priority for the 606 Clara/9418 Edes site. No further outreach was conducted for this specific Council item as community engagement for the Department of Housing & Community Development's 2023-2027 Strategic Action Plan identified Permanent Supportive Housing for the homeless as a key investment priority.

Staff attended the East Bay Housing Organizations (EBHO) Oakland committee meeting on both May 25, 2022 and June 22, 2022 to first announce the City's upcoming plans to release the 2022 Homekey Request for Proposals (RFP) in anticipation of the 2022 Homekey NOFA. Several public pre-application "office hours" meetings were held in preparation for the 2022 Homekey RFP on October 28, 2022 and November 9, 2022. Notice of these sessions were sent to HCD's public email distribution list, shared with Councilmembers, and placed on the City's

website. Pre-application Q&A meetings covered the application process, California Environmental Quality Act (CEQA) and National Environmental Policy Act (NEPA) requirements, as well as the City's employment and contracting programs. All were well attended, ranging from approximately 10 to 60 attendees for each meeting. In addition, staff presented the RFP opportunities at East Bay Housing Organization (EBHO) monthly meetings in 2022 on July 28th, August 25th, September 22nd, and October 27th.

Staff also issued direct emails to developer and service providers that work with Alameda County and the City. The City's Homekey page served as the clearinghouse of Homekey information for the City, included an opportunity to sign up for email updates, served as the application portal for the RFP.

COORDINATION

This report was developed in collaboration with the Economic & Workforce Development Department. This report was reviewed by the Budget Bureau and Office of the City Attorney.

SUSTAINABLE OPPORTUNITIES

Economic: If the Dignity Village project is awarded State Homekey funds, it will expand housing opportunities for seniors who are homeless or at risk of homelessness and reduce the critical shortfall of affordable housing opportunities in Oakland.

Environmental: This LDDA will ensure the 606 Clara/9418 Edes site is actively used, which will reduce the risk of illegal dumping or blight on this site.

Race and Equity: According to the racial equity analysis of homelessness conducted by Oakland's Department of Race and Equity¹, African American Oaklanders experience disproportionate rates of homelessness compared to their percentage of the general population. By providing more permanent supportive housing placements, the Dignity Village project will help reduce the number of unhoused Oakland residents. Housing Consortium of the East Bay will coordinate the provision of on-site supportive services that will help tenants stay housed and connect tenants with employment opportunities. By combining new housing placements with supportive services, this project will reduce the impact of Oakland's racial disparities in homelessness.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

The City Council hereby finds and determines that the Project complies with Section 15183.3 of the State CEQA Guidelines (Streamlining for Infill Projects) and that the Project is exempt from CEQA pursuant to Section 15332 of the CEQA regulations (Infill Development Projects).

¹ <https://everyonehome.org/wp-content/uploads/2021/02/2021-Centering-Racial-Equity-in-Homeless-System-Design-Full-Report-FINAL.pdf>

ACTION REQUESTED OF THE CITY COUNCIL

Adopt An Ordinance Authorizing A Lease Disposition And Development Agreement And A Ground Lease With Housing Consortium Of The East Bay, Or Its Affiliates, For The Development Of Affordable Housing On The Property Located At 606 Clara Street And 9418 Edes Avenue, And Making California Environmental Quality Act Findings For This Action For questions regarding this report, please contact Caleb Smith, Program Analyst III, at (510) 590-6275.

Respectfully submitted,

Emily Weinstein

Emily Weinstein (Feb 14, 2024 15:21 PST)

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Attachments (2):

- A. Site description
- B. Aerial view of the project site

ATTACHMENT A

606 Clara Street

The land referred to is situated in the County of Alameda, City of Oakland, State of California, and is described as follows:

Lot 80 and portion of Lot 81, according to map entitled, Map of the Alvin Tract, Brooklyn Township, Alameda County, California, filed August 5, 1892, in Book 14 of Maps, at page 2, in the Office of the County Recorder of Alameda County, described as follows:

Beginning at a point on the Southeastern line of Clara Street distant thereon South 47° 06' West 357.87 feet from the Southwestern line of Oscar Avenue, as said Street and Avenue are shown on said map running thence along said line of Clara Street South 11° 47' West 2.61 feet to the true point of beginning; thence from said true point of beginning South 42° 54' East 123.49 feet to a point on the Southeastern line of said Lot 81; thence along the Southeastern lines of said Lots 81 and 80, South 47° 06' West 88.75 feet, more or less, to the Northeastern line of Edes Avenue, Formerly 98th Avenue and Jones Avenue, as said Avenue is shown on said map; thence along said line of Edes Avenue North 71° 45' West 49.98 feet to the Southeastern line of Clara Street; thence along said line of Clara Street, North 11° 47' East 138.30 feet, more or less, to the true point of beginning.

APN: 044-5014-006-03

9418 Edes Avenue

The land referred to is situated in the County of Alameda, City of Oakland, State of California, and is described as follows:

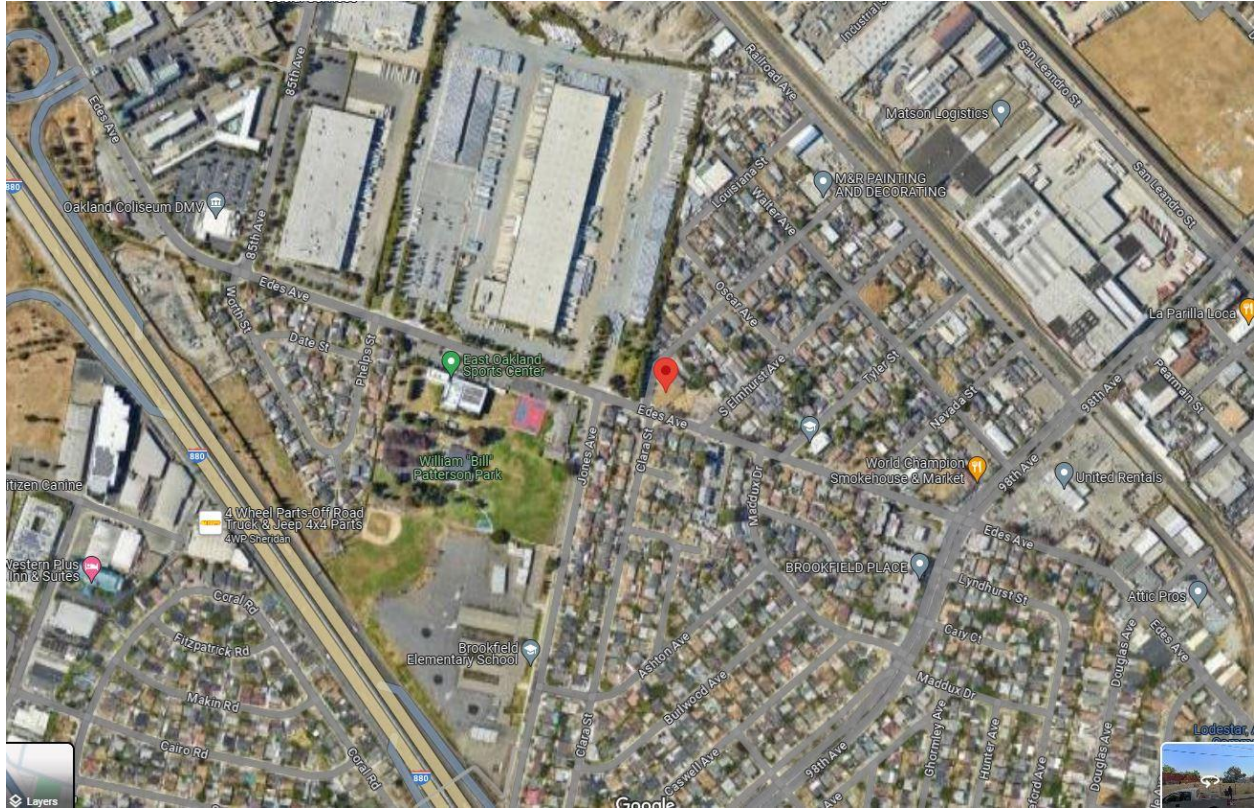
Lots 75, 76, 77, 78 and 79, Map of the Alvin Tract, filed August 5, 1892, Map Book 14, Page 2, Alameda County Records.

APN: 044-5014-005

Areal View
606 Clara Street and 9418 Edes Avenue



Site Location



606 Clara Street & 9418 Edes Avenue =

