



CITY OF OAKLAND

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OAKLAND

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AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Mark Sawicki
Director, EWD

SUBJECT: SUPPLEMENTAL - City Real Property
Disposition and Development Strategy
and Policy

DATE: June 20, 2018

City Administrator Approval

Date:

6/21/18

RECOMMENDATION

Receive A Report On The Public Lands Policy Process And Analysis To Inform Council Direction To Prepare Legislation To Implement A City Public Lands Policy And/Or Strategy.

REASON FOR SUPPLEMENTAL

A policy proposal was submitted by Councilmembers Guillen and Kaplan after publication of staff's original staff report. This supplemental report was produced to show a side-by-side comparison of the Guillen/Kaplan proposal and staff's proposed Public Lands Strategy (PLS) as well as the projected affordable housing outcomes of each proposal.

Analysis of Alternative Proposals

Staff analysis focuses on four key differences between the two proposals.

The Guillen/Kaplan proposal requires:

- 1) a minimum 15% onsite requirement for affordable housing on each City Real Property and an average of 50% affordability across all sites;
- 2) 100% of net land sale proceeds go into the Affordable Housing Trust Fund (AHTF);
- 3) a standing Community Advisory Committee (CAC); and
- 4) a Project Labor Agreement (PLA) (for projects on City land that either include 80 or more housing units or have estimated construction cost of at least \$40 million) as well as compliance with the City's local employment and contracting requirements.

Staff's proposed PLS:

- 1) does not have a minimum onsite requirement for each property but could achieve 60% of units affordable among 20 currently identified properties and sets an ongoing 20% minimum portfolio-wide;
- 2) requires either a 40% set-aside of net land sale proceeds to the AHTF, or 80% if market-rate residential;

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- 3) does not recommend a standing CAC (but does recommend an iterative transparent process for increased community engagement and transparency); and
- 4) does not add PLA and Small/Local Business Enterprise job policies due to significantly higher costs and equity concerns.

A detailed side-by-side comparison of the draft resolution proposed by Guillen/Kaplan and staff's draft resolution is summarized in **Attachment A**. All three proposals are in general agreement on a number of other housing and other policies including:

- requiring a community visioning process prior to issuing an RFP on a development site;
- requiring an open and competitive RFP process for disposing of development sites;
- giving priority to affordable units serving households at the lowest income levels and serving special needs populations such as homeless people or people with disabilities;
- giving priority to family-sized housing units;
- prohibiting developers from asserting or selling condominium conversion rights;
- giving preference to displaced tenants, and neighborhood and Oakland residents/workers, for affordable housing units;
- requiring fair chance policies (ban the box) in tenant selection for affordable housing units;
- requiring compliance with fair chance laws for employees on projects developed on City land;
- giving preference for leases over sales, per current City policy;
- allowing for discounted conveyances of land to affordable housing developers;
- giving priority for projects that provide access to fresh food, health services and affordable childcare;
- prohibiting discrimination/harassment of tenants or employees based on immigration status;
- requiring projects on City land to comply with green building standards. (Guillen/Kaplan proposal applies "Healthy Development Guidelines" policy); and
- compliance with California Surplus Land Act.

For comparison with staff's proposed PLS, staff modeled the possible affordable housing outcomes under the Guillen/Kaplan Proposal and the detailed results are shown in **Attachment B**. The Guillen/Kaplan Proposal is similar to what the Citywide Network proposed in April ("CWN Flexible") and would effectively produce the same results as the CWN Flexible proposal in terms of units produced and subsidy requirement. **Table 1** below shows the projected affordable housing and fiscal outcomes under staff's PLS, the CWN June Proposal, and the Kaplan/Guillen proposal for the City's 20 real property sites identified for disposition and development.

Table 1: Affordable Housing Outcomes When Proposals are Applied to 20 Sites

	Staff's PLS Strategy	CWN June Proposal ("People's Proposal")	Guillen/Kaplan Proposal
# Sites Designated for 100% Affordable Housing*	14	18	8
# Sites Designated for 15% BMR (80% AMI)*	0	0	10
# Sites Designated for Market-Rate Residential	1	0	0
# Sites Designated for Commercial	5	2	2
Total Units Produced	1,238	1,080	1,077
Market Rate Units	492	0	322
Affordable Units	746	1,080	755
% Affordable	60%	100%	70%
Commercial/Office Sqft	1,420,341	294,428	294,428
Total Sale Proceeds Generated	\$51M	\$6M	\$24M
Net Proceeds to GPF/Redevelopment Funds	\$26M	\$3M	\$0
Fiscal Benefits NPV	\$96M	\$7M	TBD
Gross AHTF Funds Generated (incl. fees)	\$44M	\$4M	\$34M
(Additional City Subsidy Needed)	(\$32M)	(\$115M)	(\$45M)
<i>Estimated Years to Fund Affordable Housing</i>	<i>3-4 years</i>	<i>10-14 years</i>	<i>4-6 years</i>

*Guillen/Kaplan proposal allows a mixture of 100% BMR and 15% BMR. Staff assumed a mix resulting in 70% BMR portfolio-wide.

ACTION REQUESTED OF THE CITY COUNCIL

Receive A Report On The Public Lands Policy Process And Analysis To Inform Council
Direction To Prepare Legislation To Implement A City Public Lands Policy And/Or Strategy.

For questions regarding this report, please contact Mark Sawicki, Director of Economic &
Workforce Development, at 510.238.2992.

Respectfully submitted,



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Attachments (2):

- A. Comparison of Guillen/Kaplan proposed draft resolution and staff's proposed draft resolution
- B. Summary Table of Affordable Housing Outcomes Under the Guillen/Kaplan Proposal

Attachment A. Comparison of Guillen/Kaplan Proposed Draft Resolution, Staff's Proposed Draft Resolution, and CWN Proposed Policy

	Guillen/Kaplan Proposal	Staff Public Lands Strategy	Citywide Anti-Displacement Network
1	Scope of policy/strategy	Applies to all City real property (includes Coliseum)	Focus is on 20 identified development sites (excluding Coliseum). Certain policies to apply to all property dispositions going forward.
			(1) All public sites - including former Redevelopment land, land owned jointly by City and another entity, land received from the state or federal government – that are offered for sale or lease. (2) SLA lot size minimum.
2	Advisory board	Yes, establish a standing Community Advisory Committee (CAC), representative of experts in and communities most impacted by shelter and housing, job and employment, and health and environment inequities. CAC shall reflect the racial, socioeconomic, gender, age, and ability diversity of most impacted communities. CAC's responsibilities: Provide recommendations to the City Council on property usage and priority project types based on community input, evaluate project proposals utilizing equity indicators, monitor implementation and outcomes of projects.	No. Council's CED Committee serves the CAC role but strategy and community outreach meetings will add transparency and engagement opportunities.
			Yes: Creation of a Community Advisory Committee (CAC) composed of City Council appointees, with seats reserved for residents most impacted by housing and economic insecurity.

Attachment A. Comparison of Guillen/Kaplan Proposed Draft Resolution, Staff's Proposed Draft Resolution, and CWN Proposed Policy

	Guillen/Kaplan Proposal	Staff Public Lands Strategy	Citywide Anti-Displacement Network
3	<p>Determination of site potential and uses</p> <p>1. Community engagement, notification feedback, and CAC recommendations to be included and inform proposals to Council</p> <p>2. Staff to examine each site's potential for use for temporary shelter for the unsheltered and permanently affordable housing, and for zoning and parking requirement changes that may allow for additional housing density or affordable housing development feasibility.</p>	<p>Detailed site analysis already completed by staff and consultants for an initial portfolio of 20 development sites.</p>	<p>1) CAC to work with City Staff on determination of site uses.</p> <p>2)Public land to be made available for temporary Safe Haven Homeless Encampments until disposition.</p>
4	<p>1a. Community meeting(s) to seek input from "the most impacted communities" (to be defined by staff).</p>	<p>1. Community meeting(s) to seek stakeholder input.</p>	<p>1a) Community visioning process on each site to inform RFP.</p>
5	<p>1b. Staff makes recommendation(s) on site use to CAC.</p>		<p>1b) CAC to work with City Staff on determination of site uses.</p>

Attachment A. Comparison of Guillen/Kaplan Proposed Draft Resolution, Staff's Proposed Draft Resolution, and CWN Proposed Policy

	Guillen/Kaplan Proposal	Staff Public Lands Strategy	Citywide Anti-Displacement Network
6	Community involvement	2. Staff and CAC recommends site use to Council before release of RFP.	2. Staff recommends Council either confirm or change the land use initially designated in the Strategy before release of RFP.
7		2(a) CAC provides recommendations prior to final decision on a Request for Proposal, evaluates proposals, and performs ongoing oversight on implementation and development.	2(b) CAC determines "priority entities" for competitive process.
8		2(c) Notification to priority entities prior to sale or lease of public properties, followed by 60-day window for priority entities to submit proposals and 90-day good faith negotiation period (SLA requirements).	
9		3. Per Council direction on allowed use, staff releases RFP.	3. Per Council direction on allowed use, staff releases RFP.
		4. CAC evaluates project proposals utilizing equity indicators developed by staff.	4. Selection panel, including community member, makes recommendation on which developer/project gets ENA.
		5. Staff recommends developer and project to Council for ENA. Council has final decision on ENA.	5. Staff recommends developer and project to Council for ENA. Council has final decision on ENA.

Attachment A. Comparison of Guillen/Kaplan Proposed Draft Resolution, Staff's Proposed Draft Resolution, and CWN Proposed Policy

	Guillen/Kaplan Proposal	Staff Public Lands Strategy	Citywide Anti-Displacement Network
10	<p>Transparency of information</p> <p>1. Staff will publicly post all unsolicited requests</p> <p>2. Staff will collect the input of the most impacted communities of each project prior to any RFP</p> <p>3. Developers to send letter notification to all tenants within a four block-radius in the top 5 languages used by residents at home 60 days prior to ENA vote</p> <p>4. Staff will post City property data online</p> <p>5. Annual staff reports to Committee and full City Council meetings, with an analysis of the site-based and portfolio-wide progress on equity metrics</p>	<p>Public Lands Strategy and detailed analysis on properties to be made available on City website.</p>	<p>Every 18 months, City must work with CAC to evaluate progress on jobs and housing outcomes.</p>
11			
12			
13	<p>Ongoing reporting</p> <p>1. Every four years, in conjunction with Housing Element, staff report on Public Land Strategy to Council. Possible changes to minimum % affordable portfolio-wide and affordability levels.</p>	<p>When additional properties over 5,000 SF become available, staff to perform detailed site analysis and seek community stakeholder input. City Administrator may recommend that property be add to the adopted Strategy. Council may add property to the Strategy and designate intended development use.</p>	<p>CAC plays ongoing oversight role through development process.</p>
14			

Attachment A. Comparison of Guillen/Kaplan Proposed Draft Resolution, Staff's Proposed Draft Resolution, and CWN Proposed Policy

	Guillen/Kaplan Proposal	Staff Public Lands Strategy	Citywide Anti-Displacement Network
15	On-site affordable housing	100% affordable a <u>priority</u> on all sites where zoning allows housing. <u>30% onsite requirement</u> . Exception: 15% minimum affordability allowed per project if in lieu fees equivalent to 30% affordability per project are paid to AHTF.	100% affordable a <u>priority on majority</u> of sites where zoning allows housing. Exception: some carefully selected sites allowed to be designated for market-rate development in order to generate funds for AHTF for the 100% affordable sites.
16	Affordability level	80% of AMI or below.	1. 100% affordability required on projects under 300 units at low-, very low-, and extremely low-income rent levels, with up to 10% for moderate income. 2. For projects over 300 units, 25% of units must be affordable.
17	In-lieu fee option	80% of AMI or below portfolio-wide.	1. At least 20% of units portfolio-wide must be affordable to extremely low-income households (income less than 30% of AMI). 2. At least 20% of units must be reserved as supportive housing for people with disabilities or were formerly unhoused.
17	In-lieu fee option	Yes, for housing projects that only meet the minimum 15% affordability	No. However, housing impact fees will still apply, and 80% of proceeds from market rate residential will be deposited in AHTF.
18	Minimum % affordable portfolio-wide	No.	No.
18	Minimum % affordable portfolio-wide	50%	20%. Strategy projects up to 60% of units portfolio-wide will be affordable.
			No portfolio-wide minimum, see above requirements.

Attachment A. Comparison of Guillen/Kaplan Proposed Draft Resolution, Staff's Proposed Draft Resolution, and CWN Proposed Policy

	Guillen/Kaplan Proposal	Staff Public Lands Strategy	Citywide Anti-Displacement Network
19	Net sale proceeds set-aside for AHTF	100%	40%, except 80% if market rate residential
20	Evaluation criteria for affordable housing proposals:	1) 50% of net proceeds from public land sale or lease to AHTF. 2(a) 50% of proceeds to a "Community Fund" to be used for youth programs, green businesses, education, job placement, and other services. 2(b) Proceeds may not be used to support Oakland Police Department.	1) Prohibit tenant discrimination, follow "ban the box" principles, and give preference to displaced and local residents in tenant selection. 2) Project selection must prioritize proposals from non-profit or mission-driven organizations and community ownership. 3) See "People's Proposal" for additional selection criteria.

Attachment A. Comparison of Guillen/Kaplan Proposed Draft Resolution, Staff's Proposed Draft Resolution, and CWN Proposed Policy

	Guillen/Kaplan Proposal	Staff Public Lands Strategy	Citywide Anti-Displacement Network
21	<p>1. Compliance with statewide Ban the Box statute</p> <p>2. Prioritization of projects that support small and local businesses and contractors</p> <p>3. All construction projects and businesses on City property shall offer first-priority to targeted and local hire to residents & disadvantaged workers</p> <p>4. Local employment & contracting requirements apply to all construction on City property</p> <p>5. All projects subject to the Project Labor Agreement (PLA) policy if 80 or more housing units, or has an estimated construction cost of at least \$40 million</p> <p>- PLA based guidelines passed by Alameda County for Measure A1-funded projects</p> <p>- Within 6 months, Alameda County Building Trades Council required to submit a public report to the City Administrator containing current race, ethnicity, gender composition, and % Oakland residents</p>	<p><i>[Per existing policy, projects that receive City subsidy must comply with City's Small/Local Enterprise job policies. No new S/LBE policy recommended by staff.]</i></p> <p><i>[PLA not required under current City policy. No new PLA policy recommended by staff]</i></p>	<p>1. Implement Ban the Box on hiring.</p> <p>2. Targeted hire for both construction jobs (following Oakland Army Base policy) and ongoing operations jobs.</p> <p>3. For operations jobs, 50% of total work hours performed by Oakland residents and 25% by disadvantaged works. Prioritize relevant union hiring hall, West Oakland Jobs Resource Center, and other hiring sources.</p> <p>4. Prohibition of E-Verify and collaboration with ICE.</p> <p>5. Require labor peace agreements for both construction and operations jobs. Construction job guidelines based on Alameda County Measure A1 Project Labor Agreement policy and must apply to all 100% affordable developments. Market-rate and mixed-income projects must include private project labor agreements negotiated with Alameda County Building Trades Council.</p>
22	<p>-PLA will sunset after the first five projects, with continuation subject to the City Council's discretion</p> <p>-PLA requirements may be waived by Council on ad hoc basis, and not apply in prohibited cases</p>		

Jobs and Hiring

Attachment A. Comparison of Guillen/Kaplan Proposed Draft Resolution, Staff's Proposed Draft Resolution, and CWN Proposed Policy

	Guillen/Kaplan Proposal	Staff Public Lands Strategy	Citywide Anti-Displacement Network	
23	Health, Environment, and Community Amenities	<p>Apply the relevant Healthy Development Guidelines policies to City property projects, including but not limited to: Environmental Health, Economic Opportunity, Culture, Community and Safety, Healthy Food, Transportation, Housing, Recreation and Active Design.</p>	<p>1. Give priority to projects that provide access to fresh food, health services, and affordable childcare.</p> <p>2. Require all new development on City land to comply with environmental standards in the City's green building ordinance</p>	<p>1. Require health and safety standards including tree planting, landscaping setbacks, consideration for renewable energy infrastructure and access to healthy food, and efforts to mitigate against industrial processes.</p> <p>2. Projects must comply with Healthy Development Guidelines.</p>
24	Priority to Lease	<p>1. Consistent with Resolution No. 85324 C.M.S., the City must first make good faith efforts to lease City property</p> <p>2. If lease is not feasible, then the staff shall submit a written justification to the City Council and CAC with an analysis that explains why the parcel is recommended for sale rather than lease in a staff report</p>	<p>Staff will continue to follow Resolution 85324 C.M.S., as it has been.</p>	<p>The City must make good faith efforts to lease the land and if sale is preferred, the City must provide a written justification to the CAC about why land is recommended for sale rather than lease.</p>

[See Staff Report from EWD Director Mark Sawicki dated June 11, 2018 for more details, accessible at: http://oakland.legistar.com/gateway.aspx?M=F&ID=58dcc7b6-339e-4d0c-ac32-b2bb9fb40070.pdf](http://oakland.legistar.com/gateway.aspx?M=F&ID=58dcc7b6-339e-4d0c-ac32-b2bb9fb40070.pdf)

[See CWN's "A People's Proposal" for more details, accessible at: http://oakland.legistar.com/gateway.aspx?M=F&ID=986e9f67-24ef-4a34-b7ab-463fddb0da9.pdf](http://oakland.legistar.com/gateway.aspx?M=F&ID=986e9f67-24ef-4a34-b7ab-463fddb0da9.pdf)

[See CM Guillen and CM Kaplan Report "Establishing a Public Land Policy for the Public Good" for more details, accessible at: http://oakland.legistar.com/gateway.aspx?M=F&ID=42034805-43f7-4a67-a5a1-8968fa6dcab4.pdf](http://oakland.legistar.com/gateway.aspx?M=F&ID=42034805-43f7-4a67-a5a1-8968fa6dcab4.pdf)

Attachment B: Summary Table of Affordable Housing Outcomes Under Guillen/Kaplan Proposal

Column	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]	[M]
Site	Project Program				Land Value		Local Hire and PLA		Impact/In Lieu Fees		Net Funding		
	Land Area (SF)	BMR Units	Market Rate Units	Commercial (SF)	Land Value (Adjusted for Aff. Housing Impact Fee)	BMR Housing Value Impact [1] [B] x [a] or [b]	Local Hire	PLA	Gross Land Proceeds to/Subsidy Required from AHTF	Jobs/Housing Impact Fee	In Lieu Fees	Net AHTF Funding Generated/ Subsidy Required	Funds Available for Other City Purposes
GUILLEN/KAPLAN PROPOSAL													
BMR Housing (LIHTC)													
Wood Street	147,081	292	-	-	\$11.8M	(\$29.7M)	-	(\$4.8M)	(\$34.5M)	-	-	(\$34.5M)	-
Piedmont Ave/Howe St Parking	43,532	97	-	-	\$15.2M	(\$9.9M)	-	(\$1.6M)	(\$11.5M)	-	-	(\$11.5M)	-
27th & Foothill	22,581	51	-	-	\$1.0M	(\$5.2M)	-	-	(\$5.2M)	-	-	(\$5.2M)	-
36th & Foothill	34,164	76	-	-	\$1.5M	(\$7.7M)	-	-	(\$7.7M)	-	-	(\$7.7M)	-
8280 & 8296 MacArthur	12,720	8	-	-	\$0.8M	(\$0.8M)	-	-	(\$0.8M)	-	-	(\$0.8M)	-
10451 MacArthur	23,000	52	-	-	\$1.0M	(\$5.3M)	-	-	(\$5.3M)	-	-	(\$5.3M)	-
Barcelona Site (Oak Knoll)	205,337	23	-	-	\$2.6M	(\$2.3M)	-	-	(\$2.3M)	-	-	(\$2.3M)	-
1800 San Pablo	44,347	99	-	-	\$12.2M	(\$10.1M)	-	(\$1.6M)	(\$11.7M)	-	-	(\$11.7M)	-
Subtotal 100% BMR Housing	532,762	698	-	-	\$46.2M	(\$71.0M)	-	(\$8.0M)	(\$79.0M)	-	-	(\$79.0M)	-
15% @ CWN Tiers													
Rotunda Garage Remainder	6,697	4	21	-	\$1.8M	(\$0.9M)	-	-	\$0.3M	-	\$0.6M	\$0.9M	-
MLK Sites	9,125	3	18	-	\$1.4M	(\$0.7M)	-	-	\$0.2M	-	\$0.5M	\$0.7M	-
Miller Library Site	11,969	1	8	-	\$1.2M	(\$0.2M)	-	-	\$0.7M	-	\$0.2M	\$0.9M	-
73rd & International	5,435	2	11	-	\$0.5M	(\$0.4M)	-	-	-	-	\$0.1M	\$0.1M	-
Clara & Edes	26,311	5	25	-	\$1.4M	(\$1.1M)	-	-	-	-	\$0.2M	\$0.2M	-
Golf Links Road	32,038	6	34	-	\$1.7M	(\$1.3M)	-	-	-	-	\$0.3M	\$0.3M	-
98th & Stearns	20,614	1	5	-	\$1.9M	(\$0.2M)	-	-	\$1.5M	-	\$0.2M	\$1.7M	-
Clay St Garage	29,000	10	55	-	\$7.7M	(\$2.2M)	-	-	\$3.8M	-	\$1.7M	\$5.5M	-
1911 Telegraph	45,121	15	86	-	\$16.6M	(\$3.4M)	(\$1.7M)	(\$1.7M)	\$7.3M	-	\$2.6M	\$9.9M	-
Fire Alarm Bldg	31,031	10	59	-	\$8.3M	(\$2.2M)	-	-	\$4.3M	-	\$1.8M	\$6.0M	-
Subtotal 15% @ CWN Tiers	217,341	57	322	-	\$42.5M	(\$12.8M)	(\$1.7M)	(\$1.7M)	\$18.2M	-	\$8.2M	\$26.3M	-
Commercial/Office													
Old Fire Station #24	39,535	-	-	20,000	\$1.3M	-	-	-	\$1.3M	-	-	\$1.3M	-
66th & San Leandro	274,428	-	-	274,428	\$9.6M	-	(\$2.5M)	(\$2.5M)	\$4.7M	\$1.5M	-	\$6.2M	-
Subtotal Commercial/Office	313,963	-	-	294,428	\$10.9M	-	(\$2.5M)	(\$2.5M)	\$5.9M	\$1.5M	-	\$7.4M	-
All Sites	1,064,066	755	322	294,428	\$99.5M	(\$83.8M)	(\$4.1M)	(\$12.1M)	(\$55.0M)	\$1.5M	\$8.2M	(\$45.3M)	-
Affordable Housing % of Total Units													70%
Assumptions:													
[a] LIHTC Housing Subsidy	\$101,752												
[b] Affordable Housing Subsidy for Low-Rise	\$224,566												
[c] Portion of Land Proceeds to AHTF	100%												
[d] Low-Rise Construction Cost per Unit	\$328,000												
[e] Local Hire Inflation	5%												
[f] PLA Inflation	5%												
Notes:													
[1] For BMR housing (LIHTC), estimated at \$125,000 per unit less estimated acquisition cost per unit of \$23,248.													