

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

2010 SEP 16 PM 3:25

TO: Office of the City Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: September 28, 2010

**RE: An Ordinance Authorizing the Sale of Real Property At 9507 Edes Avenue At A Nominal Price To Habitat For Humanity East Bay And Authorizing A Disposition And Development Agreement For The Development Of Twelve Units Of Affordable Housing On the Property; And**

**A Resolution Authorizing Application For And Acceptance And Appropriation Of A \$470,000 Grant Under The California Department Of Housing And Community Development Building Growth And Equity In Neighborhoods Program To Assist The 9507 Edes Avenue Development And Authorizing Loans To Purchasers Of Units In The Edes Development**

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**SUMMARY**

Since 1998, the City has owned 9507 Edes Avenue, a 31,700 square foot vacant lot. It was acquired for affordable housing development; however, none of the three previous efforts toward such development were successful, due to lack of needed subsidy funding.

Because of other successful developments by Habitat for Humanity East Bay in the neighborhood, staff approached them about the possibility of their developing this site. Habitat is interested, and, with their ability to access funding not available to the previous developers, staff believes they can deliver a successful project. One new funding source is the state's Building Growth and Equity In Neighborhoods (BEGIN) Program, to which the City will apply on behalf of Habitat for \$470,000.

The actions requested here authorize both negotiation of a Disposition and Development Agreement (DDA) with Habitat for the site, and application to the state for the BEGIN funds.

**FISCAL IMPACT**

If the BEGIN application is successful, those funds will be passed through to Habitat for development of the Edes site. If Habitat is successful in obtaining these and other funds for the development, then the property transfer under the DDA will occur, but there will be no sales proceeds to the City.

As an alternative, the site could be sold on the open market, but any proceeds would be income

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to the City's CDBG program, and subject to its limitations.

## **BACKGROUND**

The state's BEGIN Program provides down payment assistance for qualifying first-time low- and moderate-income homebuyers. If this application succeeds, the City will receive the grant, then pass the funds through by originating loans to Habitat's home buyers.

The program assists developments where local regulatory barriers to affordable homeownership housing have been reduced. That was achieved in this case by the 1990 rezoning for the originally-proposed development, and by donation of the land (which is why authority for a DDA is also requested here).

Concerning the site and the proposed DDA, in 1989, the City provided Community Development Block Grant (CDBG) funds for purchase of the site by a now-defunct nonprofit, Oakland Neighborhood Housing Services. That nonprofit subsequently ceased operations and transferred ownership of the site to the City in partial settlement of debts. Because of the original use of CDBG funds, use of the site remains restricted to uses that will benefit low- to moderate-income households (such as the recommended transfer to Habitat). As an alternative, the site could be sold on the open market, but any proceeds would be income to the City's CDBG program, and subject to its limitations.

In addition to acquiring the Edes site and seeking BEGIN funds, Habitat plans to apply for approximately \$1.8 million in assistance under the City/Agency Affordable Housing NOFA. That amount has been reduced from previous estimates in anticipation of an award of BEGIN funds.

## **KEY ISSUES AND IMPACTS**

The shortage of affordable housing in Oakland has been well documented, and the shortage of affordable ownership housing is even greater. Here, Oakland is presented with an unusual and important opportunity for ownership housing with the combination of the assistance from the BEGIN subsidies, the availability of 9507 Edes, and the unique development abilities of Habitat for Humanity.

Building the new homes will create construction jobs, provide property tax revenue, new customers for local businesses, and new residents with a major stake in conditions of the neighborhood. Similarly, development of the vacant lot will remove a long-standing blight, replacing it with attractive new homes and landscaping maintained by an active homeowners association.

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## **PROJECT DESCRIPTION**

Habitat's development at 9507 Edes will be called Brookfield Court, and will consist of twelve homes with two, three, or four bedrooms. The buildings will be two-story duplexes and triplexes, with shared party walls on the property lines. Homes will have small front and back yards, and one or two assigned parking spaces. Front yards and common areas will have drought-tolerant or native landscaping. Houses will incorporate many green building features, including electricity-generating solar panels, energy-efficient appliances and construction techniques, and various features to maximize resource conservation. Estimated development cost is \$3.1 million.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** These two actions will help expand the supply of affordable housing in Oakland and will generate construction jobs. The likely reduction of housing expense for buyer households will make more funds available for other goods and services in Oakland.

**Environmental:** Habitat's proposed development will meet or exceed the green building standards developed by StopWaste of Alameda County. Because the project will be infill construction of an underused urban site, it helps avoid development on agricultural or other undeveloped land, and helps minimize use of automobiles and other impacts of development.

**Social Equity:** Affordable ownership housing is a means of achieving greater social equity. By sensitively developing a vacant lot, this project will remove a visual and economic blight from a low-income neighborhood.

## **DISABILITY AND SENIOR CITIZEN ACCESS**

One of the homes will be quickly adaptable for accessibility for physically disabled residents. All of the homes are adaptable for accessibility for residents with sensory disabilities.

## **RECOMMENDATION(S) AND RATIONALE**

Staff recommends that both the proposed DDA and the related grant application to the state be authorized in order to increase the availability of affordable ownership housing in Oakland.

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**ACTION REQUESTED OF THE CITY COUNCIL**

Staff requests approval of the ordinance and resolution accompanying this report.

Respectfully submitted,

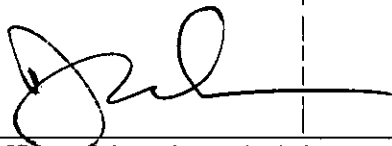


Walter S. Cohen, Director  
Community and Economic Development Agency

Reviewed by:  
Michele Byrd, Deputy Director  
Housing and Community Development

Prepared by:  
Jeffrey D. Angell  
Housing and Community Development Division

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City Administrator

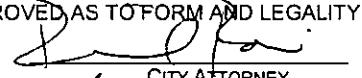
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FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

INTRODUCED BY COUNCIL MEMBER

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APPROVED AS TO FORM AND LEGALITY

  
CITY ATTORNEY

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

**AN ORDINANCE AUTHORIZING THE SALE OF REAL PROPERTY AT 9507 EDES AVENUE AT A NOMINAL PRICE TO HABITAT FOR HUMANITY EAST BAY AND AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE DEVELOPMENT OF TWELVE UNITS OF AFFORDABLE HOUSING ON THE PROPERTY**

**WHEREAS**, the City of Oakland is the owner of the vacant lot (the "Property") in the City of Oakland, Alameda County, State of California, commonly known as 9507 Edes Avenue, Assessor's Parcel Number 45-5292-5; and

**WHEREAS**, Habitat for Humanity East Bay (the "Developer") proposes to develop on the Property twelve homes affordable to households earning no more than 80% of the area median income (AMI), of which two will be affordable to households earning no more than 60% of AMI, and of which three will be affordable to households earning no more than 50% of AMI; and

**WHEREAS**, with Ordinance No. 12534 C.M.S., passed September 16, 2003 the City Council rescinded Ordinance No. 12219 C.M.S. and authorized sale of the Property to the Redevelopment Agency of the City of Oakland for eventual development by a different developer; and

**WHEREAS**, the development plan with the Redevelopment Agency contemplated by Ordinance 12534 C.M.S. did not proceed; 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.** Sections 2 through 7 of Ordinance 12534 C.M.S. are hereby rescinded; Section 1 of that ordinance, which rescinded Ordinance 12219 C.M.S., remains in effect.

**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 Property by negotiated sale due to the special use of the Property for the development and sale of affordable housing.

**SECTION 3.** The City Council authorizes the sale of the Property to the Developer at a nominal cost, in return for the commitment to develop twelve affordable homes.

**SECTION 4.** 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 project is exempt from CEQA pursuant to Sections 15312 (surplus government property sales), 15332 (infill housing development), and 15192 and 15194 (affordable housing) of the CEQA Guidelines.

**SECTION 5.** 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 6.** The City Administrator or his or her designee is hereby authorized to negotiate and execute a Disposition and Development Agreement ("DDA") with the Developer for the Property to govern their transfer and development.

**SECTION 7.** The City Administrator is also authorized to execute grant deeds to convey the Property, upon satisfaction of preconveyance conditions in the DDA.

**SECTION 8.** Upon completion of homes on the Property, all twelve shall be sold at an affordable price to households whose income does not exceed 80% of AMI, provided that two of the homes shall be affordable at 60% AMI, and three of the homes shall be affordable at 50% AMI.

**SECTION 9.** Resale restrictions will be recorded against the Property and the individual home lots after subdivision to ensure that, for a period of forty-five years, the sales price to any new buyer shall be limited so as to be affordable to a household whose income does not exceed 80% of the area median income.

**SECTION 10.** 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, 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

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## NOTICE AND DIGEST

### **AN ORDINANCE AUTHORIZING THE SALE OF REAL PROPERTY AT 9507 EDES AVENUE AT A NOMINAL PRICE TO HABITAT FOR HUMANITY EAST BAY AND AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT FOR THE DEVELOPMENT OF TWELVE UNITS OF AFFORDABLE HOUSING ON THE PROPERTY**

This ordinance authorizes an agreement for the sale and development of the vacant lot at 9507 Edes Avenue to Habitat for Humanity East Bay. The City will provide the lot at a near-zero cost in exchange for the agreement that homes developed will be affordable to low-income households.

complete all homes on the property and will be available for sale at a price that is affordable to low-income households. The City will provide the lot at a near-zero cost in exchange for the agreement that homes developed will be affordable to low-income households.

FILED  
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APPROVED AS TO FORM AND LEGALITY:

  
Deputy City Attorney

## OAKLAND CITY COUNCIL

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

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**A RESOLUTION AUTHORIZING APPLICATION FOR AND ACCEPTANCE AND APPROPRIATION OF A \$470,000 GRANT UNDER THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT BUILDING GROWTH AND EQUITY IN NEIGHBORHOODS PROGRAM TO ASSIST THE 9507 EDES AVENUE DEVELOPMENT AND AUTHORIZING LOANS TO PURCHASERS OF UNITS IN THE EDES DEVELOPMENT**

**WHEREAS**, on April 19, 2010 the State of California Department of Housing and Community Development ("HCD") issued a Notice of Funding Availability ("NOFA") soliciting applications for the Building Growth and Equity in Neighborhoods Program ("BEGIN"); and

**WHEREAS**, the City of Oakland (the "City") is eligible to apply for funds under the BEGIN NOFA; and

**WHEREAS**, Habitat for Humanity East Bay ("Developer"), a nonprofit organization devoted to the provision of affordable housing, proposes to develop housing at 9507 Edes Avenue (the "Development") under a Disposition and Development Agreement with the City proposed concurrently with this ordinance; and

**WHEREAS**, Developer will apply for assistance for the Development under the City's NOFA for Affordable Housing; and

**WHEREAS**, Developer has requested that the City submit a BEGIN application to further assist the Development; and

**WHEREAS**, the City, if awarded BEGIN funds, wishes to accept and appropriate those funds to assist the Development; now, therefore, be it

**RESOLVED:** That the City Administrator or his designee, including the Housing Development Manager, is authorized to prepare and submit an application for \$470,000 under the BEGIN program to assist the Development; and be it



**FURTHER RESOLVED:** That the City Administrator or his designee is authorized to accept an award of BEGIN funds on behalf of the City and to execute documents necessary to participate in the BEGIN program; and be it

**FURTHER RESOLVED:** That the full amount of any award of BEGIN funds for the Development is appropriated to assist that development by the making of loans to purchasers in accordance with BEGIN program Guidelines adopted as amended by HCD on April 19, 2009; and be it

**FURTHER RESOLVED:** That the BEGIN funds will be deposited into the California Department of Housing and Community Development fund (Fund 2144), Project to be determined, for use in making loans to purchasers of homes in the Development; and be it

**FURTHER RESOLVED:** That all documents will be approved as to form and legality by the City Attorney.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2010

**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