



# AGENDA REPORT

**TO:** Edward D. Reiskin  
City Administrator

**FROM:** Estelle Clemons,  
Interim Director, Human  
Services

**SUBJECT:** Community Cabin Program at 2601  
Wood Street

**DATE:** December 8, 2022

City Administrator Approval

Date: Dec 9, 2022

## **RECOMMENDATION**

**Staff Recommends City Council Adopt A Resolution Amending Resolution No. 89442 C.M.S., Which Authorized The Extension Of A Lease Amendment Between The City And Game Changer (Marine) Llc For 2201 And 2601 Wood Street, Oakland, Until June 30, 2024, With Three 1-Year Extensions, To Increase Rent From \$35,000 Per Year To An Amount Not To Exceed \$80,000 Per Year Effective January 1, 2022**

## **EXECUTIVE SUMMARY**

On October 18, 2022, the City Council adopted Resolution No. 89442 C.M.S. to (1) accept, appropriate, and authorize an agreement for receipt of additional funding to be awarded by the State of California through the Encampment Resolution Fund (ERF) in the estimated amount of three million six hundred thousand dollars (\$3,600,000) for the purpose of funding interim housing construction, operations, and services to be provided at the City-leased property at 2201 and 2601 Wood Street (Property) through June 30, 2024; and (2) authorizes the City Administrator to negotiate and execute a lease amendment between the City, as tenant, and Game Changer (Marine) LLC, as landlord (Lessor), for approximately 4 acres of real property located at 2201 and 2601 Wood Street, Oakland, to extend the term until June 30, 2024 with three 1-year extensions in an amount not to exceed \$35,000 per fiscal year, to operate an interim recreational vehicle (RV) safe parking program and community cabin program.

The initial rate rental rate of \$35,000 annually was negotiated at inception of the lease to offset the amount of Lessor's annual property tax assessments. The parties recently reviewed the actual tax assessments owed for the Property as part of the negotiating process for the amendment and discovered the actual annual tax liability is closer to \$80,000 annually. By authorizing this new amount, the City assures that the property owner will not be leasing the site at a \$45,000 annual loss. The annual lease rate is still well below fair market value and allows the City to operate an emergency homeless intervention that can serve close to 200 people annually.

City Council  
December 20, 2022

## **BACKGROUND / LEGISLATIVE HISTORY**

The City Council has prioritized solving homelessness in the City of Oakland and committed to keep it at the forefront of the City's priorities.

On February 26, 2019, City Council approved Resolution No. 87538 C.M.S., declaring a local emergency due to the welfare and safety conditions of those who are homeless or at risk of homelessness and pursuant to Government Code section 8630, and has renewed that declaration several times, including as recently as July 2022.

Wood Street is one of the largest encampments in the City with an estimate of over 300 unsheltered individuals living on and around Wood Street. Reports of widespread illnesses, such as COVID, have been reported in the area.

The City along with Caltrans has been working to relocate unsheltered individuals from the street and transition them into other emergency housing shelters. In Fiscal Year 2021-22, the City stood up a 40-space safe and secure RV site on an approximately 4-acre City-leased private property at 2201 and 2601 Wood Street (Property) to help assist residents residing on the street in the area. The City is now planning to provide a minimum of 100 shelter beds in cabins on the second half of the Game Changer Property to support the unsheltered residents of Wood Street with emergency shelter and housing navigation services, funded by a total of \$8.3 million in state ERF funds (the \$3.6 million referenced above plus \$4.7 million previously accepted by the City Council).

The City's existing lease of the Property was executed in November 2020 with an initial two-year term and rent not to exceed \$35,000 per year pursuant to Section 2.41.050 of the Oakland Municipal Code, which authorizes the City Administrator to enter into leases of private property when the total consideration does not exceed \$100,000 for the lease term. The proposed resolution authorizing the lease amendment would extend the existing lease through at least June 30, 2024, to implement the ERF grant-funded program on the property. The proposed amendment would include three 1-year extensions to extend the lease up to June 30, 2027. The rent due under the amendment shall not exceed \$80,000 per year, and funds for the three 1-year lease options are subject to further Council appropriation and any possible liquidated damages are subject to further Council appropriation and authorization.

## **ANALYSIS AND POLICY ALTERNATIVES**

Given the immense shortage of interim and permanent affordable housing options in Oakland, the incidence of homeless encampments throughout the city has increased significantly. In the recent Point-In-Time Count taken in February 2022, the number of unsheltered persons in the City of Oakland exceeded 3,300.

Residents in the area of Wood Street have expressed a desire to live in a cabin site on the Property. Discussions between the Human Services Department (HSD) and City Administrator staff led to the program design which was approved by Council in October. Implementation of the program will require an amendment of the City's lease of the Property to extend the term of

the lease. The proposed resolution would enable the City Administrator to amend the lease to extend the term through June 30, 2024, with three additional one-year options to extend until June 30, 2027, subject to City Council appropriation of additional funds. The rent would be up to \$80,000 per year. This amendment is necessary to implement the ERF grant-funded program on the property. Due to the recently evaluated tax liability, the owner is not willing to extend the lease at a loss of approximately \$45,000 annually. If the lease is not extended, the Safe RV Site would need to be decommissioned and the Community Cabin Project cannot be implemented which would put the State grant funds in jeopardy. This would reduce the number of shelter beds available by 100 and the number of RV parking spaces by 40. The proposed rent of up to \$80,000 per year would be substantially below the fair market rental rate.

Adoption of the proposed resolution advances these citywide priorities:

**Holistic Community Safety:** Providing emergency shelter reduces the public safety risks to those encamped on streets.

**Housing Economic and Cultural Security:** providing community cabins and ongoing case management will improve the success of unsheltered persons in acquiring permanent housing. Also, this site will support some persons currently encamped on a parcel that will provide 185 units of affordable housing once the site is cleared and the project can be constructed.

**Vibrant Sustainable Infrastructure:** by reducing unsheltered homelessness, the City can make improvement to its infrastructure, specific to this project; the reconstruction of Wood Street can proceed if persons along the Wood Street corridor are moved into safe emergency shelter options.

**Responsive, trustworthy government:** unsheltered community members will be better served by this intervention, improving their trust in local government.

### **FISCAL IMPACT**

The funds for the 2601 Wood Street Community Cabin Project have been designated through Resolution No. 89378 C.M.S and appropriated in the State of California Other Fund (2159), Community Housing Service Organization (78411), Encampment Resolution Funds Project (1006324), Third Party Grants Contact Account (54912), and in Homeless Services and Support Program (NB41). There is flexibility for the next two years to adjust the lease cost to \$80,000. The remaining balance of \$45,000 will be expended from previously appropriated funding dedicated to homelessness to cover the lease payment for 2022.

### **PUBLIC OUTREACH / INTEREST**

Human Services Department along with the City Administrator's Office, City Planning Department and contractors have met and will continue to meet with neighborhood residents and the Wood Street encampment residents to discuss the site plans and development of the project through an on-going open dialogue and community meetings.

## **COORDINATION**

Coordination has occurred between the Human Services Department, Office of the City Attorney, Budget Bureau and the Real Property Asset Management Division in the preparation of this report and legislation.

## **PAST PERFORMANCE, EVALUATION AND FOLLOW-UP**

In the last fiscal year of 2021/2022 approximately 469 individuals have been served across the seven Community Cabins sites with 66% of them being African American and 430 of all individuals coming from homelessness or lacking a fixed, regular, and adequate nighttime residence.

## **SUSTAINABLE OPPORTUNITIES**

***Economic:*** These funds will provide interim housing and services to prevent, address and end homelessness.

***Environmental:*** The provision of housing and services for homeless persons is intended to address the environmental degradation caused by homeless families and individuals precariously housed or living on the streets and will support cleaner and safer city street.

***Race & Equity:*** In Oakland, a disproportionate number of African American residents are unhoused due to long standing structurally racist practices, such as red lining and employment discrimination, and are most vulnerable to losing their housing. According to the 2022 Point In Time Count for Oakland, nearly 60 percent of the population experiencing homelessness in Oakland identifies as Black or African American; however African Americans make up only 23 percent of the Oakland population. Passing this resolution will increase access to interim housing for those experiencing high rates of homelessness who shelter in recreational vehicles, tents and uninhabitable living conditions. The expenditure of these funds is targeted to the unhoused, at-risk populations in the City to provide essential and basic human services.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)**


The Community Cabins Program, including the actions authorized under this Resolution, extension of the lease agreement for 2201 and 2601 Wood Street, and the operation and administration of the proposed Community Cabins Program, is exempt from additional review and analysis under the California Environmental Quality Act of 1970 (Public Resources Code section 21000 *et seq.*; "CEQA") and the CEQA Guidelines (Cal. Code Regs., title 14, section 15000 *et seq.*; "CEQA Guidelines") under CEQA Guidelines section 15303, "New Construction of Conversion of Small Structures," which exempts the construction of limited numbers of new structures or facilities, and/or CEQA Guidelines section 15304, "Minor Alterations to Land," which exempts minor alterations in the condition of public land, including temporary uses, and/or CEQA Guidelines section 15311, "Accessory Structures," which exempts the construction of minor structures appurtenant to existing facilities, and/or CEQA Guidelines section 15332, "In Fill Development Projects," which exempts projects characterized as in fill development meeting certain specified.

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends City Council Adopt A Resolution Amending Resolution No. 89442 C.M.S., Which Authorized The Extension Of A Lease Amendment Between The City And Game Changer (Marine) Llc For 2201 And 2601 Wood Street, Oakland, Until June 30, 2024, With Three 1-Year Extensions, To Increase Rent From \$35,000 Per Year To An Amount Not To Exceed \$80,000 Per Year Effective January 1, 2022

For questions regarding this report, please contact C'Mone Falls, Acting Manager, at [CFalls@Oaklandca.gov](mailto:CFalls@Oaklandca.gov)

Respectfully submitted,

  
Estelle Clemons (Dec 9, 2022 10:41 PST)

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Estelle Clemons, Director  
Human Services Department