


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ADOPT AN ORDINANCE (A) AUTHORIZING THE CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND EXECUTE (1) A LEASE DISPOSITION AND DEVELOPMENT AGREEMENT WITH, JOINTLY, SATELLITE AFFORDABLE HOUSING ASSOCIATES, INC., AND NATIVE AMERICAN HEALTH CENTER, A CALIFORNIA NON PROFIT, AND/ OR AFFILIATED ENTITIES (EACH, A “DEVELOPER”) FOR THE DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT AND HEALTH CENTER (“PROJECT”) ON CITY-OWNED PROPERTY LOCATED AT 3050 INTERNATIONAL BOULEVARD (“PROPERTY”); AND (2) A LEASE OF A PORTION OF THE PROPERTY TO EACH DEVELOPER TO OPERATE AND MANAGE THE PROJECT, FOR UP TO 99 YEARS, INCLUDING EXTENSIONS, FOR A ONE-TIME PAYMENT EQUAL TO \$2,400,000, TO BE PAID PRO-RATA BY EACH DEVELOPER; AND (B) ADOPTING REQUISITE FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, pursuant to the authority granted in Resolution No. 2010-0015 C.M.S adopted on February 16, 2010, the former City of Oakland Redevelopment Agency (the “RDA”) purchased 3050 International Boulevard Assessor Parcel Number (“APN”) 025-0719-007-01 in conjunction with the Derby Parcel APN 025-0720-002-01, for a total of \$3,250,000, from Melrose Holdings to promote future housing and economic development opportunities in the community; and

WHEREAS, in January 2012, all redevelopment agencies in the State of California were dissolved, and pursuant to a series of State laws referred to as the Dissolution Laws, the Oakland Redevelopment Successor Agency (“ORSA”) became the successor agency to the former RDA, and, pursuant to the Dissolution Laws, a Long-Range Property Management Plan was approved by the California Department of Finance in May 2014 and the Property was transferred to the City of Oakland (the “City”); and

WHEREAS, the City, Native American Health Center (“NAHC”), and Satellite Affordable Housing Associates, Inc. (“SAHA”), jointly as “Developers” entered into an Exclusive Negotiating Agreement (“ENA”) with the City on March 20, 2018, as authorized by Resolution No. 87018 C.M.S., for the purpose of studying the feasibility of the development of 75 affordable residential units with 1 unrestricted manager’s unit, 28 parking spaces and 14,000 square feet of commercial space intended as a community health center and cultural space at 3050 International Boulevard APN 025-0719-007-01 (the “Project”); and

WHEREAS, City staff and Developers have negotiated the proposed terms of a Lease Disposition and Development Agreement (“LDDA”) and Leases, as reflected in the Term Sheet, attached hereto as **Exhibit A** (“Term Sheet”), which sets forth the terms and conditions pursuant to which the City will enter the LDDA and Leases for Property; and,

WHEREAS, the Leases will be for initial terms of 66 years, and shall include up to three (3) options to extend such initial term in increments of eleven (11) years each, for a total of thirty-three (33) additional years, subject to payment by Developers of a minimum fee of \$25,000 and additional requirements of Project lenders and investors; and

WHEREAS, the ground rent for the Leases shall be the greater of the final appraised value of the Property or \$2,400,000, to be paid 85%/15% by SAHA and NAHC, respectively; and

WHEREAS, the original \$3,250,000 million in Coliseum taxable bond funds used for the original purchase of the property are restricted by bond covenants for redevelopment activities within the Coliseum Redevelopment Project Area, so the rent received from the Property will be restricted to the Coliseum Project Area and, subject to Council action as recommended herein, shall be accepted and appropriated in Entity (1), Coliseum Bond Series 2006B-T Taxable Fund (5656), Land Rental: Misc. Account (44219), CIP Coliseum (94859), Coliseum Program (SC12), and a Project to be determined later for appropriation; and

WHEREAS, California Government Code Section 52201 (“State Law”) requires that before any real property formerly owned by the RDA is sold or leased for economic development purposes, the sale or lease must first be approved by the legislative body (i.e., the City Council) by resolution after public hearing; and

WHEREAS, prior to adoption of this Ordinance, a public hearing of the City Council will be held to hear public comments of the proposed LDDA and Leases of the Property; and

WHEREAS, notice of the time and place of the public hearing was given by publication in a newspaper of general circulation in Alameda County at least once a week for at least two successive weeks prior to the public hearing; and

WHEREAS, as required by State Law, the City made a report available to the public for inspection, no later than the first date of publication of the notice for the hearing, that contains: (i) a copy of the proposed lease of the Project site and (ii) a summary of (a) the cost of the agreement to the City, (b) the estimated highest and best use value of the Project site permitted under the City general plan or zoning, (c) the estimated value of the Project site determined at the use with the conditions, covenants, and developments required by the proposed lease, the present value of the one-time lease payment required to be made at the time of closing, and (d) an explanation, with supporting facts and materials, of why the lease of the Project site and development of the Project conforms to the goals and priorities of the City Council as it relates to economic activity, growth, and opportunities; and

WHEREAS, the Oakland City Planning Commission approved the development permit Case File No. PLN19116 for mixed-use development/affordable housing at 3050 International Boulevard on September 9, 2019, which approval is final and no longer subject to appeal; and

WHEREAS, pursuant to Class 32 exemption, Sections 15332 and 15183 of the California Environmental Quality Act (CEQA) Guidelines, no additional environmental review is necessary for this Project as it is deemed infill development within an urbanized area; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby approves the proposed terms, as more fully set forth in **Exhibit A** attached hereto and incorporated herein, of an LDDA, and upon satisfaction of the conditions precedent, the conveyance of two 66-year Leases for Property, including up to three (3) options to extend in increments of eleven (11) years each, for a total of thirty-three (33) additional years, subject to payment of a minimum fee of \$25,000 each and additional requirements of Project lenders and investors.

SECTION 2. The City Council hereby authorizes the City Administrator or designee to negotiate and execute the LDDA in a form consistent with **Exhibit A** and this Ordinance, with Developer for the Project.

SECTION 3. The City Council hereby authorizes the City Administrator or designee to negotiate the form of the Leases, in a form consistent with **Exhibit A** and this Ordinance, and to execute such Leases with Developer for the Project upon satisfaction of the conditions precedent set forth in the LDDA.

SECTION 4. The City Council hereby (a) finds and determines that the \$3,250,000 million bond funds used for the original purchase of the property are restricted by bond covenants for redevelopment activities with the Coliseum Redevelopment Project Area; (b) finds and determines that any payments for the Property will be restricted to the Coliseum Project Area; (c) hereby accepts and appropriates any funds received for the Property in Entity (1), Coliseum Bond Series 2006B-T Taxable Fund (5656), Land Rental: Misc. Account (44219), CIP Coliseum (94859), Coliseum Program (SC12), and a Project to be determined later for appropriation; and

SECTION 5. The City Council hereby finds and determines that the Lease Disposition and Development Agreement and corresponding long term Leases of the 3050 International Boulevard Property for the Project will assist in the creation of affordable housing and economic opportunity in the City by:

- creating 75 units of affordable housing and expanding new jobs, including approximately 330 construction jobs and 250 permanent jobs, which is at least one full-time equivalent permanent job for every \$9,600 in City investment; and
- increasing property tax revenue to all taxing entities by \$56,000 of total annual property tax when compared to the year prior to the City's acquisition of the Property; and
- Providing health care services and a cultural arts center to an underserved community.

SECTION 6. The City Council hereby further finds and determines that the consideration for the Leases of the Property is not less than its fair reuse value of and with the covenants and conditions and development costs authorized by the Leases, and that it is in the best interest of the City to lease the Property to the Developers at its fair reuse value given the need to redevelop the Property for the benefit of the community.

SECTION 7 All agreements associated with the conveyance of the Property for the Project shall be reviewed and approved as to form and legality by the Office of the City Attorney prior to execution by the City, and shall be placed on file with the City Clerk.

SECTION 8 The City Council hereby finds and determines, based upon its independent review and analysis, that (a) the actions herein authorized are subject to a Class 32 exemption as infill development within an urbanized area pursuant to CEQA Guidelines Sections 15332 and 15183 (b) there are no substantial changes proposed in the Project or the circumstances under which the Project is to be undertaken that would involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects; and (c) there is no “new information of substantial importance,” as defined in CEQA Guidelines Section 15162(a)(3).

SECTION 9 The recitals contained in this Ordinance are true and correct and are an integral part of the Council’s decision.

SECTION 10 The City Council hereby authorizes the City Administrator or designees to (1) determine satisfaction of conditions precedent under the LDDA to the conveyance of the Leases, such determination to be conclusively evidenced by the execution and delivery by the City Administrator of the Leases and (2) take whatever action is necessary with respect to the Leases of the Property for the Project consistent with this Ordinance and its basic purposes.

SECTION 11 This Ordinance shall be in full force and effect immediately upon final adoption, as provided by Section 216 of the City Charter, if adopted by at least six members of Council, or upon the seventh day after final adoption if adopted by fewer votes.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES – FIFE, GALLO, KALB, KAPLAN, REID, TAYLOR, THAO AND PRESIDENT FORTUNATO
BAS

NOES –

ABSENT –

ABSTENTION –

ATTEST: _____

ASHA REED
Acting City Clerk and Clerk of the Council of the City of
Oakland, California

Date of Attestation: _____

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NOTICE AND DIGEST

This Ordinance authorizes the lease disposition of the property at 3050 International Boulevard, between 31st Avenue, and Derby Avenue known as assessor’s parcel number 025-0719-007-01 to Native American Health Center (“NAHC”) and Satellite Affordable Housing Associates (“SAHA”) for the development of 75 affordable residential units, 28 parking spaces, and approximately 14,000 square feet of non-profit/commercial space. This Ordinance authorizes the City Administrator or designee to sign the Lease Disposition and Development Agreement (LDDA) and long-term Leases with NAHC and SAHA and/or Affiliated Entities for this transaction, and makes associated findings with respect to the California Environmental Quality Act (CEQA) and other matters.