

CITY OF OAKLAND

AGENDA REPORT

TO: Steven Falk
Interim City Administrator

FROM: Sofia Navarro
Interim Director, Economic
& Workforce Development
Department

SUBJECT: Exclusive Negotiation Agreement with
Eagle Environmental Construction &
Development for the Barcelona Parcel
Property

DATE: March 7, 2023

City Administrator Approval

Date:

Apr 13, 2023

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Negotiate And Enter Into An Exclusive Negotiation Agreement With Eagle Environmental Construction & Development Or Its Affiliate, For A Term Of Twenty-Four Months, With One Six-Month Administrative Extension, For The Potential Sale Or Lease Disposition And Development Of The Property Located On Barcelona Street Adjacent To The Oak Knoll Project In The Oakland Hills East Of I-580 Near The Oakland Zoo; And Adopting California Environmental Quality Act Findings

EXECUTIVE SUMMARY

Staff seeks authorization to negotiate and execute an Exclusive Negotiation Agreement (ENA) with Eagle Environmental Construction & Development, a California corporation (Developer) to develop a 93-unit, 100 percent affordable housing project on a City-owned, 4.17-acre property located on Barcelona Street adjacent to the Oak Knoll project area (Barcelona Property or Property).

The proposed ENA will have an initial term of twenty-four (24) months for a nonrefundable exclusive negotiation payment in the amount of \$50,000 (Exclusive Negotiation Payment), and one administrative six-month extension option with payment of \$12,500 (Extension Payment). During the ENA period, the Developer will refine the project proposal and design, conduct public outreach, complete the project entitlement process and all necessary California Environmental Quality Act (CEQA) review, and negotiate terms with the City of Oakland (City) for a Disposition and Development Agreement (DDA) or a Lease Disposition and Development Agreement (LDDA) with a ground lease for the Property.

CED Committee
April 25, 2023

BACKGROUND / LEGISLATIVE HISTORY

Oak Knoll and Barcelona Property Overview and History

The Barcelona Property is a City-owned, 4.17-acre property located on Barcelona Street adjacent to the Oak Knoll project area, designated as Parcel A on Parcel Map 8730 filed for record on October 3, 2005 in Book 284 of Maps at Pages 63-65, inclusive, Alameda County records (Parcel Map, **Attachment A**). The Oak Knoll project area is an approximately 190-acre site located in the Oakland hills east of I-580 near the Oakland Zoo.

The Oak Knoll site was originally developed in 1924 as the Oak Knoll Country Club and Golf Course. The U.S. Navy commissioned the property in 1942, and initially constructed a temporary hospital for medical treatment of World War II battle casualties returning from the Pacific. Expansions of the hospital facilities were made during and after the War, and the hospital evolved into a modern regional hospital serving Navy personnel who had been wounded in the Korean and Vietnam Wars. A large main hospital building was opened in 1968 and continued to provide specialized care for military personnel into the 1990s. The Barcelona Property is located on the southeast portion of the Oak Knoll project area site and served as the location of 18 officer housing units for decades. The Defense Base Closure and Realignment Act of 1990 directed the U.S. Navy to close the Naval Medical Center Oakland (NMCO), and the NMCO was officially decommissioned and closed in 1996.

On June 30, 1998, the Council adopted Ordinance No. 12065 C.M.S., establishing the Oak Knoll Redevelopment Plan for the larger project site. The purpose of the Redevelopment Plan was to, among other things, mitigate the economic and social degradation due to the closure of the NMCO, subdivide the project site into areas suitable for development with improved pedestrian and vehicular circulation, establish retail and other commercial functions, provide open space, establish design standards and preserve affordable housing. In 2006, the Council adopted Ordinance No. [12777 C.M.S.](#), which fiscally merged the Oak Knoll redevelopment project area with the Central City East redevelopment project area to pool the funds between the two redevelopment project areas. In addition, the Oak Knoll affordable housing production requirements were also merged with the Central City East redevelopment project area.

The Oak Knoll property area was acquired by Oak Knoll Ventures Acquisition, L.L.C., a Delaware limited liability company (Oak Knoll Ventures), in 2005, except for the 4.17-acre Barcelona Property and one other site, which were retained by the U.S. Navy for separate uses. The U.S. Navy deeded the Barcelona Property to the former Oakland Redevelopment Agency on August 15, 2005.

Oak Knoll Ventures proposed a master plan in 2006 for development of the entire site, but the plan was withdrawn due to the 2008 recession. In 2014, Oak Knoll Ventures reinitiated planning efforts for the property, and staff conducted planning and environmental review of those plans. Oak Knoll Ventures initially was interested in acquiring the Property from the City until it decided not to pursue acquisition in the Fall of 2017. The Council approved the Oak Knoll project, excluding the Barcelona Property, certified the Environmental Impact Report (EIR) and adopted the CEQA findings on November 7, 2017.

In 2018, Council approved Resolution No. 87031 C.M.S. directing City staff to issue a Request for Proposal (RFP) for the development of affordable housing on the Barcelona Property. From Fall 2018 through Fall 2019, City staff commissioned an affordable housing density analysis and an affordable housing feasibility analysis to better inform the parameters of the criteria for the RFP. Local community meetings were held in December of 2019 and January of 2020, where staff presented affordable housing density options to the local community and received community feedback, to continue to inform and refine the criteria for a potential RFP.

California Surplus Lands Act Noticing and Current Disposition Process

On July 21, 2020, the Council adopted Resolution No. 88233 C.M.S., which declared the Barcelona Property surplus land, pursuant to Government Code Section 54220(B)(1) of the California Surplus Lands Act (SLA). Once a property has been declared as surplus land under the SLA, the City must send a Notice of Availability (NOA) to a range of public agencies as well as entities that have expressed interest in developing affordable housing to State HCD, including California Housing Finance Agency (CalHFA) housing sponsors, supplanting the previous direction to issue an RFP. Pursuant to the SLA, proposals for residential development must reserve at least 25% of the total units for lower income households. The SLA defines lower income households as those earning no more than 80% of Area Median Income (AMI). Under the SLA process, if qualifying proposals are received within the initial 60-day NOA period, jurisdictions are required to negotiate in good faith for a minimum period of 90 days. During this period, staff should meet with each applicant, analyze the feasibility of each proposal, and determine which development best suits the community's needs, while meeting State requirements and the City's reasonable local conditions for the property.

Consistent with the SLA, on October 26, 2020 the City issued a NOA for the Property. The initial 60-day noticing period ran from October 26, 2020 to December 25, 2020, and resulted in two responses. Staff conducted a review and analysis of the two proposals during the 90-day negotiating period. Staff was ready to recommend the best proposal but later determined that an incomplete distribution list was used for the NOA distribution, and that reissuance of the NOA to all eligible entities, including all CalHFA housing sponsors was necessary to be fully compliant with SLA requirements. The reissued NOA was distributed to affordable housing developers, including CalHFA housing sponsors on December 17, 2021. The second 60-day noticing period ran from December 17, 2021 to February 15, 2022, and resulted in only one response from the Developer - Eagle Environmental Construction & Development. The proposal is included as (**Attachment B**).

Staff conducted a process to review the sole proposal and negotiate preliminary details with the Developer during the 90-day negotiating period and prepared a recommendation of the project to submit to State HCD, consistent with the SLA. On May 27, 2022, staff provided a submittal to State HCD detailing the City's efforts to meet all SLA requirements, describing the Developer's proposal, and recommending that it advance the project.

On June 14, 2022, State HCD determined in writing that the City and the recommended Developer's proposal met the requirements of the SLA for the future disposition of the Property (**Attachment C**).

ANALYSIS AND POLICY ALTERNATIVES

Overview of Developer Proposal

The Developer is proposing to construct 93 units of housing of which 25 percent will be available to households earning up to 80% of AMI, consistent with the SLA. The remaining 75% of the units are proposed as workforce housing, serving households earning up to 120 percent of AMI. The proposal calls for medium density, rental townhomes. In addition, the Developer has proposed to purchase the site from the City for \$5,287,000, less the cost of any required off-site infrastructure improvements

However, the Developer has also expressed an openness to a long-term lease rather than a sale, which will be discussed and negotiated during the ENA period. In addition, the Developer is also open to workforce housing homeownership options rather than rental housing, which will also be discussed during the ENA process. Should the ENA negotiations be successful, Staff will return to Council for its consideration of the project for a potential DDA or LDDA and ground lease.

Description of Development Team and Qualifications

The Developer is an African American owned business and is the parent company of Eagle Environmental & Construction (EEC), a California corporation. EEC is a privately-owned project development, general contracting, engineering, and hazardous remediation firm (CSLB #972036). EEC was founded by mechanical engineer Ronald Batiste, with the corporate office located in San Francisco, CA. EEC has 14+ years of corporate experience in development, design/build, general construction, and environmental remediation services. Services performed by EEC include, but are not limited to, the following:

- Project Development
- Development Management
- Site Development
- Architect / Engineering Management
- Design/Build
- New Construction Entitlement Coordination
- Permit Procurement

The Developer has experience working on comparable workforce housing projects and is currently working on multiple affordable housing projects in various stages of development:

- Edward Shands Church Street Development. Developer is partnering with Oakland Unified School District (OUSD) to develop a 56-unit, workforce housing project on 1.13 acres at 2455 Church Street, with half of the units reserved for OUSD employees. The project is scheduled to submit an entitlement package in Spring 2023.
- Tilden Development. Developer is also partnering with OUSD on a 52-unit, workforce housing project on approximately 66,000 square feet at 4551 Steel Street, with half of the units also reserved for OUSD employees. The project is scheduled to submit an entitlement package in Spring 2023.

- **Salisbury Mixed Use Development.** A 27-unit, mixed-use development demolition and environmental rehabilitation project with approximately 29,000 square feet of housing and 2000 square feet of retail at 2145 Salisbury Avenue in Oakland. This project will be 75% market rate, 25% affordable. The project is scheduled to submit an entitlement package in Spring 2023, with remediation scheduled to begin Spring 2023.

Major Terms of the Exclusive Negotiation Agreement

The proposed ENA would include the following key terms:

- an initial term of 24-months
- a \$50,000 nonrefundable Exclusive Negotiation Payment;
- one 6-month administrative extension option (at the City Administrator's discretion), subject to a \$12,500 nonrefundable ENA extension fee; and
- a schedule of performance that will identify milestones the Developer must complete within the ENA timeframe such as finalizing the project concept and optimal affordability levels for the project, community outreach, environmental review, planning entitlements, and submission of a financing plan.

Approval of the recommended actions would advance the Citywide priority of **housing, economic, and cultural security** by providing up to 93 units of workforce housing in East Oakland.

FISCAL IMPACT

Aside from the standard administrative costs, there are no fiscal impacts to the City for entering into an ENA with the Developer as described in this report. In consideration for the right to negotiate exclusively with the City for the Barcelona Property, the City will require a nonrefundable Exclusive Negotiation Payment of \$50,000. In addition, the additional administrative extension option, if exercised, will be subject to payment of a \$12,500 nonrefundable Extension Payment. These payments will be deposited into Entity (1), Miscellaneous Projects Fund (5999), Central City East Organization (85246), Other Income/Other Revenue Account (48727), Project to be determined, and Central City East Program (SC18) for future allocation, and appropriation.

PUBLIC OUTREACH / INTEREST

Discussion of a potential affordable housing project on the Barcelona Property adjacent to the Oak Knoll development has been presented in numerous community meetings. In November 2019, a meeting was hosted by former Councilmember Larry Reid for the local community to discuss the results of density and economic feasibility analyses for the Barcelona Property and introduce potential affordable housing options, including low-density, medium density and high-density housing. In January 2020, former Councilmember Larry Reid hosted an additional community meeting about the possibility of workforce housing on the Property. Finally, in

August of 2022, Councilmember Treva Reid hosted a third local community meeting at which staff provided an overview of the SLA process and introduced the Developer's proposal.

Under the ENA, the Developer would be required to hold additional community meetings for community organizations, residents, and stakeholders to solicit input regarding the specific proposed development. In addition, the Developer will participate in public hearings as part of the project entitlement and environmental review process through the Bureau of Planning.

COORDINATION

Staff coordinated with the Housing and Community Development Department, the Planning and Building Department, the Finance Department Budget Bureau and the Office of the City Attorney in preparation of the report and legislation, and the State HCD regarding the City's compliance with the SLA requirements.

SUSTAINABLE OPPORTUNITIES

Economic: There are no direct economic impacts connected to the authorization of an ENA with the Developer for the proposal described in this report. However, should the proposed development project be built, the project would result in the creation of dozens of construction jobs. In addition, the project would result in increased property taxes. All revenues generated by the disposition of the property will be dispersed to the appropriate government agencies.

Environmental: There are no direct environmental impacts connected to the request for an ENA with the Developer for the proposal described in this report. The Developer will use its good faith efforts to design, develop and construct an environmentally sustainable project with minimum conformance with the Oakland's "Build It Green" commercial checklist. In addition, the Property will be accessible via public transportation, located within walking distance of AC Transit bus stop lines.

Race & Equity: The proposed development team is African-American led, a demographic often underrepresented in real estate development. The project will provide up to 93 units of affordable workforce housing for low to moderate income residents, who are disproportionately people of color nationally and in the Bay Area. The project is located in the East Oakland hills, in a neighborhood that is racially diverse but does not traditionally have a high percentage of affordable housing. The development of the project will help alleviate the affordable housing shortage in the neighborhood and may act as a catalyst for other similar development projects in Oakland.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Nothing in this action to authorize entering into an ENA should be interpreted as an approval or a pre-commitment to approve, now or in the future, the disposition of the City's interest in the Property, to any particular party, on any particular terms, or for any particular purpose. Any proposed disposition of the Property and any development project on the Property will require further discretionary actions of the City Planning Commission and City Council. This action will not result in a direct or indirect physical change in the environment and does not in-and-of-itself constitute a "project" pursuant to CEQA Guidelines Section 15378.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Negotiate And Enter Into An Exclusive Negotiation Agreement With Eagle Environmental Construction & Development Or Its Affiliate, For A Term Of Twenty-Four Months, With One Six-Month Administrative Extension, For The Potential Sale or Lease Disposition And Development Of The Property Located On Barcelona Street Adjacent To the Oak Knoll Project In The Oakland Hills East Of I-580 Near The Oakland Zoo; And Adopting California Environmental Quality Act Findings

For questions regarding this report, please contact Kimani Rogers, Urban Economic Analyst IV, at 510-238-3317.

Respectfully submitted,



SOFIA NAVARRO
Interim Director, Economic & Workforce
Department

Reviewed by:

Kelley Kahn, Assistant Director, Real Estate &
Strategic Partnerships
Economic & Workforce Development
Department

Larry Gallegos, Development Area Manager
Public/Private Development
Economic & Workforce Development
Department

Prepared by:

Kimani Rogers, Urban Economic Analyst IV
Public/Private Development
Economic & Workforce Development
Department

Attachments (3)
Attachment A: Parcel Map
Attachment B: Developer Proposal
Attachment C: HCD NOA Approval

Attachment A

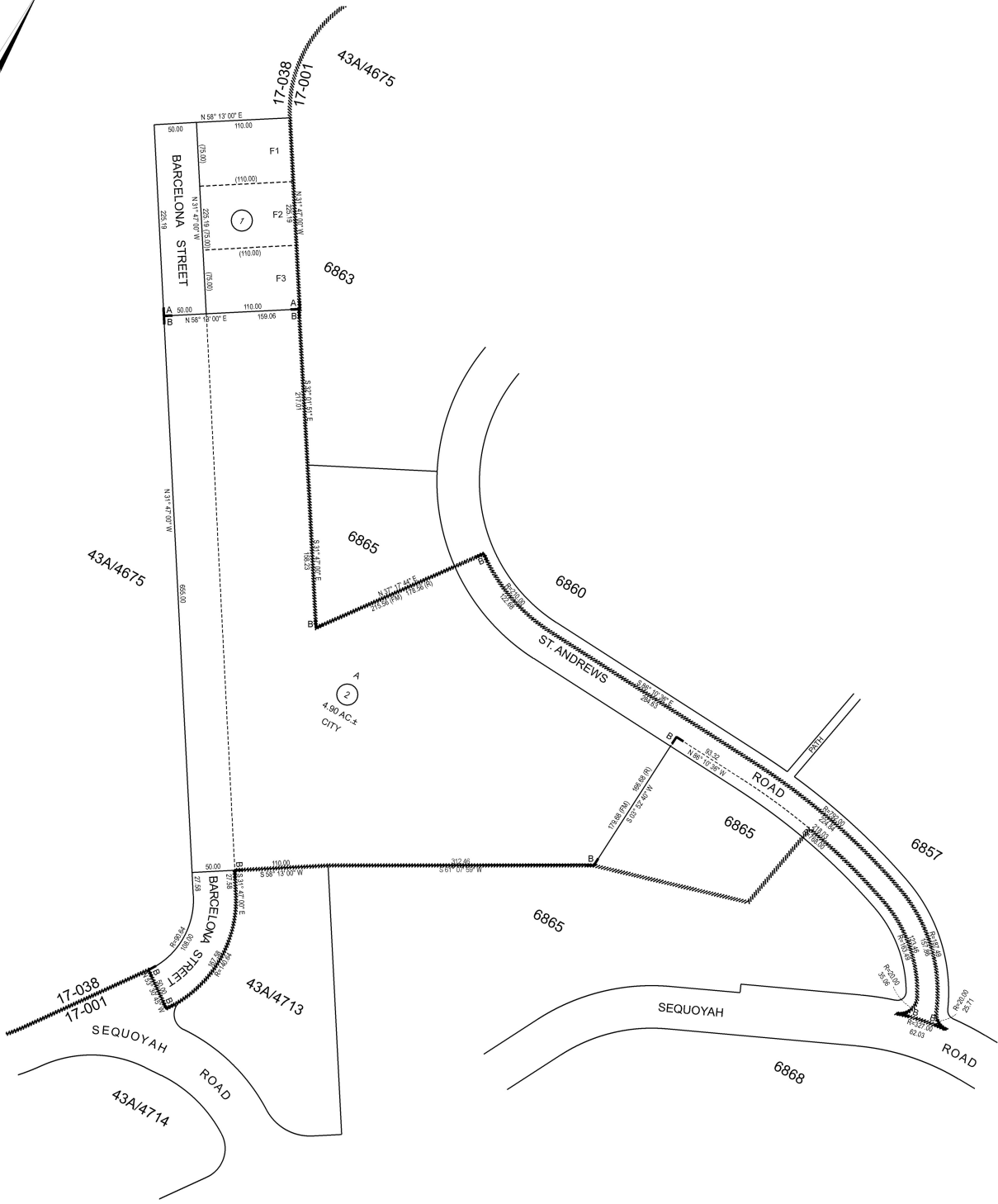
ASSESSOR'S MAP 48

Code Area Nos. 17-038

6870 SCALE: 1" = 100'

- (A) FAIRWAY ESTATES IN OAK KNOLL 18/59-61
- (B) P.M. 8730 284/63-65

DRAWN: 05-02-08 DL
 REVISED: 08-28-07 CC
 12-30-15 GHB



FORMERLY:

Attachment B



**Proposal to Purchase and Develop Approximately 5.4 Acres
of Land Known as The Barcelona Parcel In the Oakland Hills
APN 046-6870-02**

February 15, 2022



Submitted by Ronald Batiste
2775 Butters Drive, Oakland CA 94602, (510) 530-2480

Eagle Environmental Construction & Development (EECD) is pleased and honored to respond to the City of Oakland NOTICE OF AVAILABILITY AND OFFER TO CONVEY SURPLUS PROPERTY.

This is a revision from the first submittal with the following modifications: EEC+D is proposing Medium Density Modular Townhomes; 93 Total. All units will be Affordable Work Force Housing. The following are the purchase parameters:

1. **PROPERTY:** The property is located in the City of Oakland, Alameda County, State of California, and is further detailed as County of Alameda Assessor's parcel number, 046-6870-02 totaling ±209,579 square feet (5.4 acres) of land area.

BUYER: Eagle Environmental Construction, or as assigns

SELLER: City of Oakland

PURCHASE PRICE: Five Million Two Hundred Eighty-Seven Thousand Dollars (\$5,287,000) less cost of required off-site infrastructure improvements. EEC is also willing to negotiate a long-term lease with the City of Oakland.

DEPOSIT: Deposit: Upon execution of a binding Purchase and Sale Agreement, Buyer shall deposit One Hundred Thousand Dollars (\$100,000) into Escrow

Development Firm Background

Eagle Environmental Construction Development, LLC (EEC Development) is the parent company of **Eagle Environmental Construction (EEC)**

EEC is a privately-owned project development, general contracting, engineering, and hazardous remediation firm (CSLB #972036). EEC was founded by mechanical engineer Ronald Batiste and with our corporate office located in San Francisco, CA. **EEC** has 14+ years of corporate experience in development, design/build, general construction, and environmental remediation services. Services performed by **EEC** include but are not limited to the following:

- Project Development
- Development Management
- Site Development
- Architect / Engineering Management
- Design/Build
- New Construction Entitlement Coordination
- Permit Procurement

- Management and Coordination
- Construction Management
- Project Scheduling
- Subcontractor Management and Subcontracting

- General Contracting
- General Construction and Administration of craft labor for new and rehabilitated structures
- General Contracting services including general building and interior work, carpentry, plumbing, electrical, painting, mechanical, drywall, sheet metal
- acoustical tile, masonry, and prefabricated components
- Flooring/Carpeting
- Concrete/Paving
- Earth-moving and Excavation
- Pre-construction/Site Preparation
- Environmental and Hazardous
- Hazardous Waste Remediation- including excavation, mold remediation, treatment, abatement, or encapsulation
- Industrial Clean-Up Activities
- Environmental Assessments
- Hazardous Materials Removal and Disposal
- Structural/Seismic Retrofit
- Materials Testing Services
- Environmental Testing and Monitoring for air quality, soil, soil gas, and groundwater, including, well construction and monitoring, air monitoring, containment areas
- Fire Life Safety Services
- Health and Safety Services/ Industrial Hygiene
-

Management: Our key personnel collectively represent many decades of construction and development experience, including a level of specialized technical expertise few project management firms can offer. Effective on-site supervision has always been one of **EEC** highest priorities. Our team of project managers includes some of the best talent available anywhere. They are solely responsible for the success of our construction projects and they play an important role in the furthering of **EEC** growth and reputation.

Registrations: **EEC** is registered with the California Contractors State License Board (#972036) and is currently licensed as a General Engineering Contractor A, General Building Contractor B, and Hazardous Substances Removal (HAZ).

Certifications: With HRC as a Micro-Local Business Enterprise (LBE), Disadvantaged Business Enterprise Declaration of facts (DBE), and Minority Business Enterprise (MBE). **EEC** holds many other State and Federal certifications. **EEC** is also Gold Shovel Standard certified by PG&E 2016.

Financing and Capacity: Presently **EEC** is a prime contractor on 75% of its current workload and carries a bonding capability exceeding \$ 50,000,000. Bonding prequalification letter is available upon request. While bond issues and other forms of funding can be explored, we anticipate that standard rehabilitation construction loans backed by corporate guarantees would be the structure used to fund this project. The project team has sufficient resources to support project expenses prior to the funding of construction loans.

EEC Locations: **EEC** maintains a central office at 2775 Butters Drive, Oakland CA 94602 and 1485 Bayshore Blvd., Suite 374 in San Francisco (Certificate No. 368814), with satellite offices in Richmond (Certificate No. 4003-8492), CA and Alberta, Canada for construction projects on First Nation Aboriginal tribal territories.

Background: Eagle Environmental Construction (EEC) the construction subsidiary of EEC Development is a 14+year-old environmental and construction management firm with offices in Oakland, San Francisco, Richmond, and Alberta BC Canada. The company has worked on approximately \$207 million dollars in total developer/construction project value and approximately \$20 million dollars in total environmental project value.

EEC offers a unique blend of design/build development, general construction and engineering and hazardous remediation services to clients and strategic partners throughout the United States and Canada. As a fee-based developer/construction provider, our responsibility is exclusive to the owner and strategic partners, acting in the client's best interest by providing unbiased advice and comprehensive management at every stage of the project.

EEC's mission, as a project development, environmental and construction management firm, is to identify our clients' needs and objectives, utilize our experience and technical proficiency to develop a solution, and execute that plan in the most expeditious way possible. The company's primary clients are private owners and strategic partners, not-for-profit organizations, government agencies and redevelopment agencies.

Eagle Environmental Construction & Development team has ample experience in the entitlement, finance, planning, lease up and development of affordable housing. EEC+ D is comfortable and confident with FHA Hud and Low-Income Housing Tax Credit programs.

**Eagle Environmental Construction
Development**

Ronald Batiste, President
2775 Butters Drive
Oakland, CA 94602
Phone: (510) 530-2480
Email: rbatiste@eec-corp.com
Website: www.eec-corp.com

Finance

Wings of Eagle Fund I, LLC

Ronald Batiste, Financial Manager
1485 Bayshore Blvd., Suite 374
San Francisco, CA 94124
Phone: (415) 988-7794
Email: rbatiste@eec-corp.com

We look forward in negotiations and future development of this wonderful Oakland Property.

Sincerely,



Ronald Batiste
Eagle

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

2020 W. El Camino Avenue, Suite 500
Sacramento, CA 95833
(916) 263-2911 / FAX (916) 263-7453
www.hcd.ca.gov



June 14, 2022

Kimani Rogers, Urban Economic Analyst IV
Economic & Workforce Development Department
City of Oakland
250 Frank H. Ogawa Plaza, Suite 5313
Oakland CA 94612

Dear Kimani Rogers:

**RE: Written Comments Regarding the City of Oakland's Surplus Land
Disposition Documentation for the Property at APN 046-6870-020.**

Thank you for submitting your surplus land documentation, on behalf of the City of Oakland (City), for review by the Department of Housing and Community Development (HCD). We received your complete documentation on May 27, 2022. This letter constitutes HCD's initial written comments pursuant to Government Code section 54230.5 of the Surplus Land Act (SLA), for the property located at APN 046-6870-020, including provisional permission to proceed with the lease or sale.

According to your letter and included documents, a Resolution declaring the property to be surplus was issued on July 21, 2020, and a Notice of Availability (NOA) was sent to all the required entities on December 17, 2021. During the required 60-day period, one affordable housing entity, Eagle Environmental Construction and Development, expressed interest in the property. A sale was finalized and will result in the development of approximately 93 affordable housing units. The City has also enclosed a draft affordability covenant to be recorded against the property.

If the submitted documentation is complete and accurate, HCD determines that you have met all the requirements under the SLA for the purposes of disposing of the surplus land located at APN 046-6870-020. The City is permitted to proceed with the lease or sale of the property.

The City or its representatives may send any questions to publiclands@hcd.ca.gov.

Sincerely,

A handwritten signature in black ink that reads "Jillian Burgos".

Jillian Burgos
Public Lands Manager
Housing Policy Development