

2019 JUL 30 PM 2:00

APPROVED AS TO FORM AND LEGALITY


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

Ordinance No. 13553^A C.M.S.

ORDINANCE AUTHORIZING THE PURCHASE OF A 24-UNIT SINGLE ROOM OCCUPANCY RESIDENTIAL HOTEL LOCATED AT 2327 SAN PABLO AVENUE FOR A MAXIMUM OF \$3,100,000 FOR USE AS TRANSITIONAL HOUSING, AND ALLOCATING AN ADDITIONAL AMOUNT NOT TO EXCEED \$50,000 FOR ASSOCIATED CLOSING COSTS AND FEES, AND MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

WHEREAS, at the November 2016 general election, Oakland voters passed Measure KK, an infrastructure and affordable housing bond; and

WHEREAS, on November 29, 2016, the City Council adopted Ordinance No. 13403 C.M.S., which enacted the City's Affordable Housing and Infrastructure Bond Law, and which allows for the purchase and/or rehabilitation of properties with the housing bond funds; and

WHEREAS, on June 19, 2017, the City Council adopted Resolution No. 86774 C.M.S. which authorized issuance of the first tranche of the housing bond funds under Measure KK in an amount not to exceed \$50 million (subsequently amended on June 29, 2017 per City Council Resolution No. 86814 C.M.S. to increase the amount to \$55 million), including funds for the purchase of a transitional housing facility or facilities in an amount up to \$14 million; and

WHEREAS, since summer 2017, and following the acquisition of the single room occupancy residential hotel ("SRO") located at 641 West Grand Avenue, commonly known as The Holland, City staff has been diligently pursuing SRO properties for purchase to serve as transitional housing facilities; and

WHEREAS, the property located at 2327 San Pablo Avenue, Oakland, California 94612 (the "Property"), has 24 SRO units that could serve up to 30 residents at a time, and is currently available for sale by 2327 San Pablo LLC ("Seller"); and

WHEREAS, the City of Oakland (the "City") and Seller have negotiated a maximum sales price of \$3,100,000; and

WHEREAS, the Property is currently being renovated and will be conveyed to the City in turnkey condition; and

WHEREAS, closing costs and fees associated with the purchase transaction are estimated at an amount not to exceed \$50,000; and

WHEREAS, Section 2.41.020, *et seq.*, of the Oakland Municipal Code authorizes the City to purchase real property by ordinance; and

WHEREAS, in 2019, pursuant to Resolution 87538, the City Council declared a local emergency with regard to the City's homelessness crisis; and

WHEREAS, the actions authorized by this ordinance are categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15301(d), which exempts the operation and minor alteration of existing facilities and 15326, which exempts the acquisition of housing units by public agencies for the use of housing assistance; and statutorily exempt pursuant to CEQA Guidelines Section 15269, which exempts actions necessary to mitigate an emergency; each of the foregoing provides a separate and independent basis for CEQA compliance and when viewed collectively provides an overall basis for CEQA compliance; and

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

SECTION 1. The City Council hereby authorizes the City to acquire the Property from Seller, once property renovations are completed, for a maximum purchase price of \$3,100,000. The Property shall be conveyed to the City in turnkey state, ready to occupy.

SECTION 2. The City Council hereby finds that the transaction authorized by this Ordinance is not subject to the restrictions set forth in Ordinance No. 13509 C.M.S., which regulates the demolition, conversion, rehabilitation, and sale of SROs, as the Property may be converted to a Transitional Housing Activity as defined in Oakland Municipal Code 17.10.116 and per State of California Government Code 65582, or may become an Affordable Housing Project as defined in Oakland Municipal Code 17.153.020.

SECTION 3. The City Council hereby allocates a maximum of \$3,100,000 from the Measure KK Housing and Infrastructure Bond Affordable Housing Fund (Fund 5331) to cover the purchase price, plus an additional amount not to exceed \$50,000 to cover associated closing costs and fees.

SECTION 4. The City Council hereby authorizes the City Administrator, or her designee, to negotiate and execute agreements and grant deeds with Seller for the purchase of the Property, and to take any other action with respect to the purchase of the Property consistent with this Ordinance and its basic purposes.

SECTION 5. The City Council hereby finds and determines, on the basis of substantial evidence in the record, that this transaction is exempt from CEQA pursuant to CEQA Guidelines Sections 15301(d), which exempts the operation and minor alteration of existing facilities and 15326, which exempts the acquisition of housing units by public agencies for the use of housing assistance; and statutorily exempt pursuant to CEQA Guidelines Section 15269, which exempts actions necessary to mitigate an emergency; and each of the foregoing provides a separate and independent basis for CEQA compliance and when viewed collectively provides an overall basis for CEQA compliance. The City Administrator, or her designee, is hereby authorized to file a notice of determination with the Alameda County Clerk-Recorder's Office and the State Office of Planning and Research.

SECTION 6. This Ordinance shall be in full force and effect immediately upon its passage 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, **JUL 16 2019**

PASSED BY THE FOLLOWING VOTE:

AYES – FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO, AND PRESIDENT KAPLAN - 8

NOES - 0

ABSENT - 0

ABSTENTION - 0

Introduction Date

JUL 09 2019

ATTEST:



LATONDA SIMMONS
City Clerk and Clerk of the Council of the
City of Oakland, California

Date of Attestation:

July 30, 2019

NOTICE AND DIGEST

ORDINANCE AUTHORIZING THE PURCHASE OF A 24-UNIT SINGLE ROOM OCCUPANCY RESIDENTIAL HOTEL LOCATED AT 2327 SAN PABLO AVENUE FOR A MAXIMUM OF \$3,100,000 FOR USE AS TRANSITIONAL HOUSING, AND ALLOCATING AN ADDITIONAL AMOUNT NOT TO EXCEED \$50,000 FOR ASSOCIATED CLOSING COSTS AND FEES, AND MAKING CALIFORNIA ENVIRONMENTAL QUALITY ACT FINDINGS

This Ordinance authorizes the purchase of a 24-unit single room occupancy residential hotel located at 2327 San Pablo Avenue for a maximum purchase price of \$3,100,000, with an additional amount not to exceed \$50,000 for closing costs and fees, for use as transitional housing. This Ordinance also authorizes the City Administrator or her designee to negotiate and enter into a purchase and sale agreement for this transaction, and makes associated findings with respect to the California Environmental Quality Act and other matters.