



CITY OF OAKLAND

AGENDA REPORT


TO: Jestin Johnson
City Administrator

FROM: Ashleigh Kanat
Director, Economic &
Workforce Development
Department

SUBJECT: Exclusive Negotiation Agreement with
The Unity Council for the 36th &
Foothill Property

DATE: June 23, 2025

City Administrator Approval


Jestin Johnson (Jul 11, 2025 09:18 PDT)

Date: Jul 11, 2025

RECOMMENDATION

Staff Recommends That The City Council Adopt A Resolution Authorizing The City Administrator To Negotiate And Enter Into An Exclusive Negotiation Agreement With The Unity Council Or Its Affiliate, For A Term Of Twenty-Four Months, With One Six-Month Administrative Extension, For The Potential Lease Disposition And Development Of An Affordable Housing Project On The Properties Located At 3550, 3566, 3600 And 3614 Foothill Boulevard, Subject To The Completion Of A California Environmental Quality Act Determination

EXECUTIVE SUMMARY

Staff seeks authorization to negotiate and execute an Exclusive Negotiation Agreement (ENA) with The Unity Council, a California non-profit corporation (Developer or TUC) to develop an 82-unit, affordable housing project with affordability ranging from 30% to 60% Area Median Income (AMI) on 3550, 3566, 3600 and 3614 Foothill Boulevard for a combined 0.78 acres of City-owned land (Property).

The proposed ENA will have an initial term of twenty-four (24) months and will require a nonrefundable exclusive negotiation payment in the amount of \$25,000 (Exclusive Negotiation Payment). One administrative six-month extension option may be authorized with payment of \$6,250 (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 Lease Disposition and Development Agreement (LDDA) and a ground lease for the Property.

CED Committee
July 22, 2025

The Developer is being recommended following a competitive Request for Proposals (RFP) process. On December 31, 2024, the City issued an RFP for an affordable housing project on the Property. Two development teams submitted proposals, which were reviewed and scored by an interdepartmental evaluation panel that included staff from the Economic and Workforce Development Department (EWDD), Housing and Community Development, and the Department of Race and Equity. The proposals were reviewed based on criteria contained in the RFP related to developer experience, developer financial capacity, project design, project financial feasibility and the population served/depth of affordability. As described further below, the evaluation panel identified TUC as the recommended developer based on these criteria.

BACKGROUND / LEGISLATIVE HISTORY

36th and Foothill Property Overview and History

The Property consists of four (4) City-owned parcels that comprise approximately 0.78 acres of land combined:

- 1) a 12,000 square foot property located at 3550 Foothill Boulevard (Assessor Parcel Number or "APN" 32-2115-038-01);
- 2) a 6,541 square foot property located at 3566 Foothill Boulevard (APN 32-2115-037-01);
- 3) a 10,625 square foot property located at 3600 Foothill Boulevard (APN 32-2084-051); and
- 4) a 4,998 square foot property located at 3614 Foothill (APN 32-2084-050).

See **Attachment A** for a complete Parcel Map.

The parcels were purchased by the former Oakland Redevelopment Agency in 2009 and 2010 with the goal of revitalizing this part of Foothill Boulevard by creating new housing and mixed-use development, consistent with community input at the time. The Property is now included in the City's approved Housing Element as a housing opportunity site to help the City meet its affordable goals.

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 Property as 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 other entities that have expressed interest in developing affordable housing to the State Housing and Community Development (State HCD), including California Housing Finance Agency (CalHFA) housing sponsors. 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.

On December 4, 2020, consistent with the SLA, the City issued a NOA for the Property on December 4, 2020. The initial 60-day noticing period ran from December 4, 2020, to February 2, 2021, and resulted in a general letter of interest from one respondent. Staff engaged in detailed discussions with the respondent during the SLA mandated 90-day negotiating period to assess the potential feasibility of the proposal. Throughout the negotiations, the respondent never submitted a more detailed proposal with a budget and timeline and therefore, after the 90-day negotiation period had expired, City staff concluded that the proposal was not viable.

On October 22, 2021, City staff informed State HCD of the City's good faith efforts to meet the SLA requirements, and also of the City's intent to dispose of the site via an RFP process. On November 18, 2021, State HCD determined in writing that the City had met all the requirements under the SLA for the purposes of disposing of the surplus land at 3550, 3556, 3600 and 3614 Foothill Boulevard, and that the City was permitted to proceed with the sale or lease of the Property.

The Request For Proposals

Last year, EWDD prepared an RFP to solicit proposals from developers for a new affordable housing project on the Property. The RFP was reviewed by representatives from Housing and Community Development, Department of Race and Equity and the Department of Finance Controller's Bureau who provided input and helped ensure it effectively represented the City's affordable housing and race and equity goals.

On December 31, 2024, the City issued the RFP to a list of over 500 recipients, including all authorized affordable housing developers and related entities identified on the State HCD SLA site. Interested development teams were encouraged to submit their team's qualifications, a design concept, and a financial proposal for review by City staff.

A virtual pre-bid meeting was held on February 12, 2025, and submittals were due to the City's online submittal portal by March 14, 2025.

ANALYSIS AND POLICY ALTERNATIVES

Proposals Received

The City received proposals in response to the RFP from two development teams: 1) Five Keys Schools & Programs / Urban Shelters LLC and 2) TUC. A brief description of each team and proposal is below.

1. Five Keys Schools & Programs/Urban Shelters LLC (Five Keys)

The Five Keys team is a partnership between Urban Shelters LLC and Five Keys Schools & Programs. Urban Shelters and Five Keys Schools & Programs would be co-developers, and Five Keys Schools would also serve as a service provider. Their development team also includes Lowney Architecture and ZCON Builders as the general contractor. Urban Shelters would serve as development manager and Five Keys Schools and Programs will serve as property manager.

The Five Keys team proposed a senior housing project providing up to 101 residential units split between studio and one-bedroom apartment types across two adjacent buildings. The project would serve a range of income levels up to 50% AMI, with a priority focus on seniors aged 65 and older. The unit breakdown consists of 20 units for seniors who are veterans, 20 units for seniors with disabilities, 20 units for seniors with behavioral needs and 32 units for seniors at risk of homelessness. Resident services provided by Five Keys would include case management, wellness programs, public benefits and health benefits assistance, transportation assistance, and others. The design approach would prioritize sustainability, efficiency, and resilience, and will target GreenPoint Rated or LEED certification.

2. The Unity Council

TUC is a local non-profit community development corporation and affordable housing developer, based in the Fruitvale neighborhood. TUC would serve as developer, lead service provider and property manager. The TUC team also includes TCA Architects, Inc. as the lead architect and Branagh Construction as the general contractor. Other members include Roux as Environmental Remediation Consultants and the California Housing Partnership as Financial Consultants.

The TUC team proposed an affordable family housing project containing 82 residential units split between one-bedroom, two bedroom and three-bedroom apartment types across two adjacent buildings. The project would serve a range of income levels for families at or below 60% AMI. The total unit mix includes 39 one-bedroom, 21 two-bedroom units and 22 three-bedroom units, including units for families transitioning from homelessness. Resident services include educational activities, group events, referrals, language assistance, and assistance with benefits and healthcare documentation. The design approach will ensure that a sustainable design is integrated into each design decision, from building orientation to material selection and will also target GreenPoint Rated or LEED certification. TUC also plans to utilize Environmental Protection Agency (EPA) grant funds to address on-site contamination clean up.

Evaluation Process and Panel Scores

The proposals were reviewed, evaluated and scored by an interdepartmental evaluation panel that included staff from EWDD, Housing and Community Development, and the Department of Race and Equity.

Table 1 below summarizes the average scores of the evaluation panel, based on the Evaluation Criteria identified in the RFP. The Evaluation Criteria were comprised of five categories: 1) Experience of the Developer Team; 2) Financial Capacity; 3) Project Design; 4) Project Financial Feasibility; and 5) Population Served and Depth of Affordability. The TUC proposal had a greater average total by 27.5 points. The largest differences in the scoring between the two proposals are Experience of the Developer (a variance of over 11 points, or more than 35% of the maximum points for that category) and Project Financial Feasibility (a variance of over 8

points, or more than 50% of the maximum points for that category). A description of the evaluation criteria contained in the RFP is included as (**Attachment B**).

**Table 1: Evaluation Panel Scores
36th Ave, & Foothill Blvd. Developer Proposals**

Criteria	Max Points	Five Keys School & Programs / Urban Shelters	The Unity Council
Experience	30	15.8	27.1
Financial Capacity	20	9.4	14.8
Project Design	30	24.9	27.6
Project Financial Feasibility	15	5	13.1
Population Served & Depth of Affordability	15	14.1	13.9
Total	110	69	96.5

The evaluation panel additionally conducted virtual interviews of each development team. Each development team had 15 minutes for a brief presentation of its project, followed by 45 minutes to respond to standardized interview questions that aligned with the Evaluation Criteria identified in the RFP. The evaluation panelists had the option to ask follow-up questions for the purposes of expansion or clarification of criteria that they felt may not have been adequately addressed in the written submittal or team presentation.

Panel Recommendation

After factoring in both the written submissions and the virtual interviews, the evaluation panel recommends the City enter into an ENA with TUC for their proposed affordable housing development project for the Property. The TUC's proposal scored higher across four of the five criteria categories, particularly regarding developer experience given TUC's track record of completing many comparable affordable housing projects and the financial feasibility of TUC's proposed project.

More Detailed Overview of The Unity Council Proposal

TUC (Developer) is proposing to construct a mixed-use family-serving project (Proposed Project), featuring 82 affordable family units with up to 25% of the units set aside for formerly homeless families. The project design features two buildings total across the adjoined 3550 and 3566 Foothill Boulevard parcels (Site A) and the adjoined 3600 and 3614 Foothill Boulevard (Site B). Site A would include a five-story building with 43 units, a shared property management and services offices, a multipurpose community room and outdoor space. The 43 units will be comprised of 20 one-bedroom units, 11 two-bedroom units and 12 three-bedroom units. Site B will have 39 units in a five-story building with a shared podium parking garage structure on the ground floor. Site B's units will include 19 one-bedroom units, 10 two-bedroom units and 10 three-bedroom units.

The Proposed Project will serve families at a range of income levels at or below 60% AMI in the following breakdown: 21 units at 30% AMI, 28 units at 50% AMI and 32 units at 60% AMI (with 1

unit set aside as an unrestricted manager's unit). The 30% AMI units will be set-aside for families transitioning from homelessness.

The Developer's service coordinator will collaborate with the property management to address residents' needs and available comprehensive programs, which will include workforce development, youth services, Headstart, financial management education and tax assistance, senior services, and family services. The Developer's nearby Fruitvale Neighborhood Career & Resource Center will provide as-needed workforce development services to the Property's residents including job search support, computer access, financial coaching, and access to career resources. The 21 formerly homeless households will receive intensive case management support to ensure their stabilization and success in housing. The Developer will partner with LifeLong Medical Care to provide these comprehensive support services focusing on case management, mental health care, substance abuse services, basic housing retention and others.

Both Site A and Site B will be designed to employ sustainable methods throughout the project, including managing indoor air quality, increasing energy efficiency and ventilation through system design. The design will feature all-electric buildings with solar panels with battery storage for added energy efficiency. The design also calls for a low-water landscaping approach, combined with bio-retention planters and potential roof water capture for landscape. The Developer has been awarded grant funds through the EPA Community Wide Assessment Grant program to mitigate brownfield sites, which they plan to utilize on the Property.

Description of Developer and Qualifications

TUC is a non-profit social equity development corporation with over 40 years of experience developing, owning, and managing affordable housing in Oakland and the Fruitvale neighborhood. TUC is based in the Fruitvale and provides services in early childhood education, youth programs, community programs, economic development programs and real estate development.

TUC has experience in all phases of affordable housing project development, including site acquisition, managing the design and entitlement process, securing project financing and overseeing construction completion. Examples of recent, comparable affordable housing projects completed by TUC include:

- Casa Suenos (Fruitvale Transit Village Phase IIB): a 181-unit new construction affordable housing project for families including 7,500 square feet of commercial space. Located near the Fruitvale BART station. Completed in 2023.
- Casa Arabella (Fruitvale Transit Village Phase IIA): a 94-unit new construction affordable housing project for families and veterans. Located near the Fruitvale BART station. Completed in 2019.
- 1921 36th Avenue: an 8-unit affordable housing preservation project for families. Located adjacent to the City-owned 36th and Foothill parcels that were the subject of this RFP, creating the potential to share amenities and resources with the new project. Completed in 2020.

Major Terms of the Exclusive Negotiation Agreement

Upon City Council action, staff and the Developer will negotiate and execute an ENA. Staff recommends that the ENA contain the following terms and provisions, among others:

- an initial term of 24-months
- a \$25,000 nonrefundable Exclusive Negotiation Payment;
- one 6-month administrative extension option (at the City Administrator's discretion), subject to a \$6,250 nonrefundable ENA extension fee (Extension Payment); and
- a schedule of performance that will identify milestones the Developer must complete within the ENA timeframe such as:
 - finalizing the project concept and program
 - conducting community outreach,
 - completing all environmental review and planning entitlements,
 - submitting a final financing plan
 - negotiating the terms of the LDDA and ground lease

Citywide Goals and Priorities

Approval of the recommended action would advance the Citywide priority of **housing, economic, and cultural security** by providing up to 82 units of affordable housing for families at or below 60% AMI in the Fruitvale District of East Oakland. It would also help the City meet the goals of its adopted Housing Element by increasing the supply of housing in Oakland and helping address the City's homeless crisis.

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 Property, the City will require a nonrefundable Exclusive Negotiation Payment of \$25,000. In addition, the additional administrative extension option, if exercised, will be subject to payment of a \$6,250 nonrefundable Extension Payment. These payments will be deposited into City Entity (1), Central City East TA Bond Series 2006A-T (Taxable) Fund (5643), Central City East Redevelopment Organization (85246), Other Income/Other Revenue Account (48727), Project to be determined or established, and Central City East Program (SC18) for future allocation, and appropriation.

PUBLIC OUTREACH / INTEREST

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

COORDINATION

EWDD Staff coordinated with the Housing and Community Development Department, the Department of Workplace and Employment Standards, the Department of Finance Controller's Bureau, and the Department of Race and Equity in the preparation, evaluation and/or scoring of the RFP submittals. In addition, EWDD staff coordinated with the Finance Department Budget Bureau and the Office of the City Attorney in preparation of the report and legislation, and with 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 and would put a vacant Property into productive use.

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 has deep roots in the Fruitvale District, an ethnically and racially diverse area. The project will provide up to 82 units of affordable housing for low to very low-income residents, who are disproportionately people of color nationally and in the Bay Area. The project itself is located in the ethnically diverse Fruitvale District, and the development of the project will help alleviate the affordable housing shortage 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 The Unity Council Or Its Affiliate, For A Term Of Twenty-Four Months, With One Six-Month Administrative Extension, For The Potential Lease Disposition And Development Of An Affordable Housing Project On The Properties Located At 3550, 3566, 3600 And 3614 Foothill Boulevard, Subject To The Completion Of A California Environmental Quality Act Determination

For questions regarding this report, please contact Kimani Rogers, Urban Economic Coordinator, at 510-238-6204.

Respectfully submitted,



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Attachments (2):

Attachment A: Parcel Map

Attachment B: RFP Evaluation Criteria

Attachment A



(Aerial view)



Attachment B

V. SELECTION CRITERIA, PROCESS, AND NEXT STEPS

A. SELECTION CRITERIA

The City will use the following criteria in assessing developer proposals. These are intended to be general guidelines.

CRITERIA	DESCRIPTION	POINTS
EXPERIENCE OF DEVELOPER TEAM	<ul style="list-style-type: none"> • Experience in designing and developing comparable projects, particularly in urban settings • Experience with local governments and public agencies • Proven success in maintaining and operating high-quality affordable housing • Completion of three or more affordable housing projects on time and within budget in the last ten years • Demonstrated capacity of lead staff and organization to manage the project • Strength of key personnel exceeding minimum requirements, including emerging developers 	30
FINANCIAL CAPACITY	<ul style="list-style-type: none"> • Ability to raise sufficient equity/debt capital for project completion • Financial strength of developers and team members, evaluated through financial statements (net assets, debt-equity ratio, current assets/liabilities ratio) • Commitment to fund pre-development activities • Strength of the guarantor for the Project Completion Guaranty 	20
PROJECT DESIGN	<ul style="list-style-type: none"> • High-quality architectural design consistent with City objectives • Integration into the existing neighborhood context • Use of green building techniques • Ground floor uses providing community-serving amenities 	30
PROJECT FINANCIAL FEASIBILITY	<ul style="list-style-type: none"> • Sound financial plan based on reasonable assumptions • Understanding of affordable housing financial resources • Realistic development schedule for project completion 	15
POPULATION SERVED AND DEPTH OF AFFORDABILITY	<ul style="list-style-type: none"> • Depth of affordability • Clear and feasible plan, including necessary resources and services, to support the population served by the project 	15