

FILED
OFFICE OF THE CITY CLERK
OAKLAND

CITY OF OAKLAND

AGENDA REPORT

2010 OCT 14 PM 3:07

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: October 26, 2010

RE: **An Ordinance Authorizing A Disposition And Development Agreement With The Alliance For West Oakland Development For The Sale At No Cost, And Development Of Affordable Housing On, One City-Owned Parcel At 319 Chester Street**

SUMMARY

An Ordinance has been prepared for the City Council. The proposed Ordinance will authorize a Disposition and Development Agreement with the Alliance For West Oakland Development for the sale at no cost and development of affordable housing on one City-owned parcel located at 319 Chester Street.

The proposed house building project will convert an underutilized vacant lot into new housing. The new single family dwelling will then be sold to first time homebuyers at an affordable price. The new housing will in turn generate property transfer taxes, increase neighborhood property values and eliminate a chronically blighted condition. The development will also eliminate the requisite Code Enforcement staff costs, maintenance and site cleanup costs as well as remove the attractive nuisance and the potential fire hazard of the underutilized vacant lot.

FISCAL IMPACT

No new funds are required to implement the development identified in the Ordinance; funding is currently available in the FY 2010-11 adopted budget. The anticipated total cost to construct the proposed dwelling is approximately \$375,000. Funds to complete construction will come from two sources: \$200,000 Housing and Community Development Division's Miscellaneous Grants (fund 2999), Municipal Lending Unit (88939), Neighborhood Housing Revitalization (fund 2108) Project (G08760) and Home Ownership & Rehabilitation Program (NB32); and, \$200,000 from the West Oakland Vacant and Blighted Properties Rehabilitation Program FY 2010-2011 Low and Moderate Income Housing Funds, Fund Number 9580 Project P209310.

Neither the City nor the Housing and Community Development Division will be responsible for continued or ongoing maintenance of the property's exterior. The property owners will at their own expense maintain the property's exterior. The sale will recapture all funds expended for construction costs.

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CED Committee
October 26, 2010

BACKGROUND

Alliance for West Oakland

The Alliance for West Oakland Development, Inc. is a 501(c)3 community development corporation, established in June, 1999. They were formed to address the issues of rebuilding the West Oakland community. Their mission is to initiate, promote and facilitate the development of blighted areas of West Oakland through a Green Building and Construction Training Program. The program provides training opportunities for West Oakland residents and is geared toward “at risk” young adults (18-25 years) and is also open to all persons interested in entering the construction field.

City of Oakland

The Community and Economic Development Agency (CEDA), Housing and Community Development Division has completed similar projects. Beginning in 1989, the City of Oakland, the Peralta Community College District and the Rotary Club of Oakland formed a partnership to provide a “hands-on” construction training program for students enrolled in construction technology classes at Laney College. The intent of the partnership was to also create affordable housing for low and moderate income families.

The City provides land in need of improvement or development, as well as design and construction monitoring services. The projects are constructed for the cost of materials and related soft costs only. Students and trainees, under the close supervision of licensed contractors provide labor.

The completed homes have been typically sold for a price less than market value which allows selected buyers to qualify for purchase loans from competing outside mortgage lenders. The City is then able to realize cash on the sale, thus enabling the City to recycle money for new projects.

Since the initial venture with Laney College, the partnership has completed the following projects:

PROPERTY ADDRESS	PROPERTY TYPE	COST TO COMPLETE	SALES PRICE
779 20 th Street	New Single Family	\$70,000	\$115,000
1517-19 West St.	Rehab Victorian Duplex	\$75,000	\$250,000
1002 Magnolia St.	New Single Family	\$70,000	\$115,000
1517-19 Linden St.	New Duplex	\$125,000	\$195,000
1433-35 Myrtle St	New Duplex	\$250,000	\$350,000
678 24 th St.	Rehab Single Family	\$122,234	\$200,000

5671 Dover St.	New Single Family	\$240,000	\$410,000
5675 Dover St.	New Single Family	\$370,000	\$400,000
TOTAL	11 Units	\$1,322,234	\$2,035,000

KEY ISSUES AND IMPACTS

One of the priority objectives noted in the Mayor/Council Priorities is to combat blight, improve the physical appearance, livability and integrity of the City's neighborhoods, and improve economic and housing opportunities in the city's neighborhoods. The shortage of affordable housing is also inherent in the Mayor/Council Priority Objectives. In keeping with these objectives, the proposed project will market and sell the completed residence to a qualified, low to moderate income family.

Projects previously completed by the City of Oakland partnerships have transformed publicly owned vacant lots and blighted, abandoned buildings into tax-producing, owner-occupied homes. Construction activity has inspired other home improvement activity in the neighborhood. Building trades' students have benefited from professionally supervised, hands-on training. Properties once considered blight in the neighborhood are now looked upon with pride.

Despite the considerable decline in federal support for assisted housing, many municipalities have undertaken a variety of public/private partnerships to expand the supply of affordable housing. The City of Oakland continues to be committed to facilitating this activity.

The proposed project will convert an underutilized parcel into new housing and provide educational and vocational opportunities through a structured vocational training program.

SUSTAINABLE OPPORTUNITIES

Economic: The Partnership promotes economic growth by actively engaging youth, persons in career transition and ex-offenders through a structured vocational training. It also incorporates quality of life issues, such as education and economic development, while generating an expanded housing inventory, property tax revenue and increasing the degree of local ownership.

Environmental: The Partnership promotes clean and renewable energy and building practices. The Alliance For West Oakland Development's curriculum currently includes Sustainable practices and applications. The Chester Street Project will offer students an opportunity to learn the practical applications of building eco-friendly houses. The construction will demonstrate how energy efficiency, resource reuse, resource conservation and other cost effective green strategies can be incorporated into houses built with moderate budgets.

Social Equity: As mentioned in the summary, the development of the substandard and underutilized properties will eliminate attractive nuisances, mitigate blighted properties, generate tax revenues, and contribute to Neighborhood Stabilization.

DISABILITY AND SENIOR CITIZEN ACCESS

The City actively encourages participating developers to create project designs that will assure that units meet the on-going requirements of building codes as well as the needs of senior citizens and persons with disabilities.

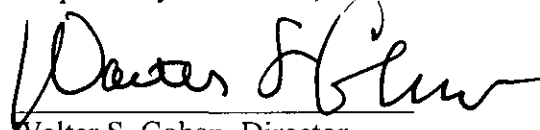
RECOMMENDATIONS AND RATIONALE

Authorize a Disposition and Development Agreement with the Alliance For West Oakland Development for the sale of and development of affordable housing on one City-owned parcel located at 319 Chester Street.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests approval of the attached Ordinance.

Respectfully Submitted,

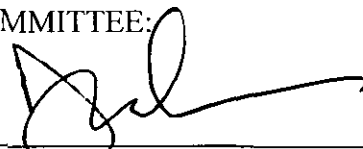


Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by:
Michelle Byrd, Deputy Director
Housing and Community Development

Prepared by:
Loyd Ware, Manager
Residential Lending and Rehabilitation

APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT
COMMITTEE:



Office of the City Administrator

Item: _____
CED Committee
October 26, 2010

DRAFT

Deputy City Attorney

FILED
OFFICE OF THE CITY CLERK
OAKLAND

OAKLAND CITY COUNCIL

2010 OCT 14 PM 3: **ORDINANCE No.** _____ **C.M.S.**

ORDINANCE AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE ALLIANCE FOR WEST OAKLAND DEVELOPMENT FOR THE SALE AT NO COST, AND DEVELOPMENT OF AFFORDABLE HOUSING ON, ONE CITY-OWNED PARCEL AT 319 CHESTER STREET

WHEREAS, the City of Oakland is the owner of the property in the City of Oakland, Alameda County, State of California at 319 Chester Street, APN: 004-0103-035-00, (the "Property"); and

WHEREAS, the City desires to enter into a disposition and development agreement with Alliance For West Oakland Development ("Developer") for development of the Property; and

WHEREAS, Developer proposes to develop on the Property one single family home affordable to a low and moderate income household; and

WHEREAS, the City is the Lead Agency for this project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; and

WHEREAS, the City Council has adopted Ordinance No. 11602 C.M.S., which established procedures for the sale and lease of City-owned property which is surplus; now, therefore

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

Section 1. The City Council hereby authorizes the sale of the Property to the Developer for no cost, subject to a Disposition and Development Agreement (“DDA) to be negotiated and executed by the City Administrator or his designee.

Section 2. The DDA shall require the Developer to develop one home on the Property.

Section 3. Upon completion of the home on the Property, it shall be sold to a low and moderate income first-time homebuyer at a price affordable to a low and moderate income household.

Section 4. Pursuant to Section 6 of Ordinance No. 11602 C.M.S., it is determined to be in the best interest of the City to sell the Property by negotiated sale due to the intended use of the Property for the development and sale of an affordable housing unit.

Section 5. The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines that this action complies with CEQA because the sale and development of the Properties is exempt from CEQA pursuant to Sections 15303 (new construction of small structures), 15312 (surplus government property sales), 15280 (lower-income housing projects), and 15332 (infill housing development) of the CEQA Guidelines.

Section 6. The City Administrator or his or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this project.

Section 7. The City Administrator is hereby authorized to negotiate and execute documents and take whatever other action is necessary with respect to the Property and the DDA consistent with this Ordinance and its basic purposes. All documents shall be approved as to form and legality by the City Attorney.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES-

ABSENT-

ABSTENTION-

ATTEST: _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

NOTICE AND DIGEST

A CITY ORDINANCE AUTHORIZING A DISPOSITION AND DEVELOPMENT AGREEMENT WITH THE ALLIANCE FOR WEST OAKLAND DEVELOPMENT FOR THE SALE AT NO COST, AND DEVELOPMENT OF AFFORDABLE HOUSING ON, ONE CITY-OWNED PARCEL AT 319 CHESTER STREET

An Ordinance has been prepared authorizing the City Administrator to enter a Disposition and Development Agreement with the Alliance for West Oakland, for the sale at no cost, and the development of affordable housing on, one City-Owned parcel at 319 Chester Street.