



October 10, 2014

Mr. Henry L. Gardner  
Interim City Administrator  
City of Oakland  
One Frank H. Ogawa Plaza, 3<sup>rd</sup> Floor  
Oakland, CA 94612

**RE: Disposition of City-Owned "Remainder Parcel" on East 12<sup>th</sup> Street**

Dear Mr. Gardner:

I am writing on behalf of East Bay Housing Organizations. EBHO is a 30-year-old nonprofit organization of over 350 members dedicated to promoting affordable housing opportunities in the East Bay. EBHO is dedicated to working with communities in Alameda and Contra Costa counties to preserve, protect and expand affordable housing opportunities through education, advocacy, and coalition building.

The City of Oakland currently owns a parcel at the intersection of East 12<sup>th</sup> Street and Lake Merritt Blvd, just east of the Lake Merritt Channel and adjacent to the OUSD Administration building. The property is a "remainder parcel" left over from the improvements that were made to the roadway and surrounding park area using funds from Measure DD (Lake Merritt, Estuary and Creek/Watershed improvements) and State and Federal grants. The site was acquired with public funds for public purposes.

The City has entered into an Exclusive Negotiating Agreement (ENA) with a developer, Urban Core, and the City's Project Implementation Division (formerly the Redevelopment Division of CEDA) is currently negotiating with the developer on a Disposition and Development Agreement (DDA). The City plans to sell the parcel to the developer at market value (which may not reflect the City's total investment costs to acquire and improve the site), and the developer proposes to build a high-rise condominium on the site.

EBHO has a number of concerns about this proposed development, and urges the City to ensure that these policy issues are addressed in the DDA:

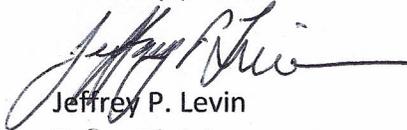
- 1. Disposition of City-owned land should include community benefits** – particularly a requirement to include affordable units when City-owned land is used for new residential development.

2. **At a minimum, the DDA should make clear that the development will be subject to any housing impact fees that may be adopted in the future, pending completion of the requisite nexus study that is currently underway.**
  
3. **The City should require, as a condition of any transfer or use of the property, that condo conversion credits cannot be generated by this project.** The developer proposes to finance the development in part by selling "condominium conversion credits" generated by construction of this building. Pursuant to Oakland's Condominium Conversion Ordinance, if the developer agrees to rent new condo units for a period of seven (7) years, then it can sell conversion credits to an owner of an existing rental property who in turn can use those credits to gain eligibility to convert the rental property to condominiums. This would remove rental units from the City's housing supply without any permanent replacement, and would displace hundreds of tenants with little or no relocation assistance or replacement housing payments. This is a fundamental loophole in the City's Condominium Conversion Ordinance, which we hope will be addressed soon by revisions to the ordinance. But it is particularly unconscionable that City-owned land could be disposed of in a way that would clear the way for the loss of vital rental units and displacement of existing tenants. This is the same limitation that is placed on developers of affordable housing that is assisted by the City.

We would appreciate the opportunity to discuss this matter further. We think it would be best for the City to address these issues now, as part of its bargaining with the developer, rather than waiting for the public hearings on the DDA for these concerns to be raised.

Please don't hesitate to contact us if you have any questions or require more information.

Sincerely yours,



Jeffrey P. Levin  
Policy Director

cc: Rachel Flynn, Director of Planning & Building  
Michele Byrd, Director of Housing & Community Development  
Patrick Lane, Project Implementation Division  
Councilmember Pat Kernighan  
Oakland Tenants Union  
Measure DD Community Coalition