



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: July 19, 2022

TO: Christine Daniel, City Manager

FROM: Charles S. Bryant, Community Development Director

SUBJECT: Adeline Sites Redevelopment

Resolution Of The City Council Of The City Of Emeryville Declaring The Properties At 3602 Adeline and 1132 36th Street (APNs 005-0480-001-01, 005-0480-004 And 005-0480-003) As Exempt Surplus Land Pursuant To Government Code Section 54221(f)(1)(A)

Resolution Of The City Council Of The City Of Emeryville Authorizing The Release Of A Request For Proposals For The Redevelopment Of 3602 Adeline And 1132 36th Street (APNs 005-0480-001-01, 005-0480-004 And 005-0480-003)

RECOMMENDATION

Staff recommends that the City Council adopt the above-entitled resolution declaring the properties at 3602 Adeline and 1132 36th Street (the “Adeline Sites”) as “Exempt Surplus Land” pursuant to Government Code Section 54221(f)(1)(A). Staff also recommends that the City Council adopt the above-entitled resolution authorizing the release of a Request for Proposals (“RFP”) for the redevelopment of the Adeline Sites.

BACKGROUND

The City owns three separate but contiguous parcels located at 3602 Adeline Street, (APN: 005-0480-001-01, 0.029 acres), 1122 36th Street (APN: 005-0480-004, 0.012 acres), and 1122 36th Street, (APN: 005-0480-003, 0.009 acres), together, known as “the Adeline Sites”. The property is bounded by single-family properties to the north, a multi-family and single-family property to the west, Interstate 580 and 36th Street to the south, and a commercial property occupied by Rising Sun Center for Opportunity to the east. Together the Adeline Sites comprise 0.050 acres.

The Adeline Sites were acquired using low and moderate-income housing asset funds by the former Emeryville Redevelopment Agency, over 20 years ago, in an effort to assemble properties for a future residential development. Unfortunately, the Emeryville Redevelopment Agency was unable to assemble the additional parcels prior to dissolution in 2012. Due to the Adeline Sites’ status as a former redevelopment “housing asset”, California Health and Safety Code (“HSC”) Section 33334.16 applies, which requires activities to develop the properties for affordable housing to be initiated within five years

from the date of transfer to the Housing Successor. Otherwise, the properties must be sold, and the proceeds deposited in the City's Low-Moderate Income Housing Asset Fund.

For the Adeline Sites, the time period described in HSC Section 33334.16 commenced on the date that the California Department of Finance approved the property as a housing asset, or August 31, 2012. On July 25, 2017 the Emeryville City Council adopted Resolution No. 17-130, which extended the time period to initiate development by five years, to September 1, 2022.

The City must move expeditiously to meet the requirements of HSC Section 33334.16; therefore, staff sought direction from the City Council on the potential redevelopment of these properties. On April 5, 2022, the City Council held a Study Session to discuss how to proceed with the redevelopment and disposition of the Adeline Sites, and requested that staff bring back for consideration two options for discussion:

- 1) Information regarding the Fair Market Value of Property for disposition on the open market; and
- 2) Draft RFP for the redevelopment of the site as a new construction 1-4-unit co-housing rental home, with a preference for formerly incarcerated individuals.

During the April study session, staff also provided information regarding next steps for redevelopment of the Adeline Sites, including a brief discussion regarding recent changes to the Surplus Lands Act ("SLA") and the possibility that these changes could have implications for the developer selection process. Staff has since evaluated the SLA changes as applied to the Adeline Sites and is recommending that the City Council determine the properties are Exempt Surplus Land prior to proceeding with developer selection through an RFP process, as discussed further below.

DISCUSSION

Surplus Lands Act

Assembly Bill ("AB") 1486 and AB 1255, signed into law in 2019, made changes to the SLA (Government Code Title 5, Division 2, Part 1, Chapter 5, Article 8, "Surplus Land"). As a result, the SLA now includes provisions requiring local agencies to notify the State Housing and Community Development Department ("HCD") of the inventory of lands that it has declared as "surplus" or "exempt surplus", and includes requirements for notifying HCD, and for negotiating with interested housing sponsors prior to disposal of surplus lands.

In April 2021, HCD released the Final Surplus Land Act Guidelines (the "Guidelines"), which implement, interpret, and make specific the text of the SLA. Section 103 of the Guidelines describes the types of properties that are exempt from the Guidelines' provisions relating to required notification and negotiation periods, and requirements for certain covenants to be placed on the property at the time of sale. Specifically, Section 103(b)(3)(A) of the Guidelines, which mirrors Government Code Section 54221(f)(1)(A), provides the following exemption:

“County or City Surplus Land Transferred for the Development of Affordable Housing with restrictions as described in Government Code Section 25539.4 or 37364”

In summary, Government Code Section 37365 states the following:

- Real property of cities can be utilized, in accordance with a city’s best interests, to provide housing affordable to persons and families of low or moderate income.
- If it is in the city’s best interests, the city may sell, lease, exchange, quitclaim, convey, or otherwise dispose of the real property or interest therein at less than fair market value, or purchase an interest in the real property, to provide that affordable housing
- At least 80 percent of the area of the parcel must be disposed of for the development of housing
- Not less than 40 percent of the total number of units shall be affordable to households who incomes are equal to or less than 75 percent of the maximum income of lower income households and at least half of which shall be affordable to very low-income households.
- Dwelling units produced for persons and families of low or moderate income shall be restricted by a regulatory agreement for not less than 30 years.

According to the Guidelines, the City Council may declare the property to be Exempt Surplus Land if this declaration is made at a regular public meeting and is supported by written findings demonstrating that the land meets the above description.

To implement the City Council’s priorities while also meeting the requirements for a determination of Exempt Surplus Land and encouraging participation by potential developers, the draft RFP states that proposals should maximize the number of affordable housing opportunities for extremely low and very low income individuals who are special needs, with a preference for formerly incarcerated individuals, and that the development would have a minimum 30-year affordability restriction.

Request For Proposals

Staff has prepared a draft RFP for the redevelopment of the Adeline Sites. The draft RFP includes the following sections:

- Purposed RFQ/P
 - An overview of the Adeline Sites and a listing of the City’s goals for redevelopment of the properties.
- Site and Parcel Information
 - A description of the property, land use requirements (General Plan and zoning), development standards, transportation access, and utility services.
- Design and Development Considerations
 - A description of the Emeryville Design Guidelines and details of the Unit and Bedroom requirements.

- One Bathroom per 2 Bedrooms provided
 - Half Bath on the Main level if no bedrooms are on the Main Level
 - Laundry Area
 - Living Area with overhead lighting, lounge seating and dining room table
 - Energy Star Appliances
 - Wi-Fi Broadband
 - Universal Design
 - All electric
 - Bedrooms must include built in lighting, twin beds, built in desk and storage shelf.
- A description of the requirement for affordable housing, proposed special needs populations, responsibilities of the Operator and terms to be included in the regulatory agreement.
 - Extremely Low and Very Low Income Individuals that can live independently should be the target population
 - Eligible special needs individuals include: Formerly Incarcerated, Developmentally Disabled, or Transitioned Aged Youth
 - Operator shall be actively and monetarily responsible for all property operations and indemnify, defend, and hold the City harmless.
- An overview of the City's investment into the development of the project (land lease and gap financing) and requirement that the City's investment is leveraged to the greatest extent possible.
- Proposal Requirements
 - Cover Letter
 - Experience, Qualifications and Capacity
 - Development Concept
 - Conceptual Site Plans
 - Target Population & Tenant Screening
 - Supportive Services, Property Management & Maintenance
 - Financing Proposal
 - Schedule of Performance
- Evaluation Criteria and Selection Process
 - A listing of the criteria that will be used to evaluate proposals
 - A description of the selection process including review by City staff, proceeding to a recommendation for an Exclusive Right to Negotiate Agreement ("ERN"), Term Sheet and Lease Disposition and Development Agreement ("LDDA").
- Application Deadline
 - Description of electronic submittal process for proposals
- General Terms & Conditions
 - Statement regarding no representations or warranties by City in RFP
 - Statement regarding City's right to reject any and all proposals and other general provisions

Staff is recommending that the City Council authorize release of the RFP to the development community.

Next Steps

In order to best position the City to meet the requirements of HSC Section 33334.16, the City must move expeditiously to advance the development of the Adeline Sites.

If the City Council adopts the resolution declaring the Adeline Sites as Exempt Surplus Land, staff will provide the adopted resolution to HCD as required by SLA Guidelines Section 400(e), which requires local agencies to provide determinations of Exempt Surplus Land to HCD at least 30 days prior to disposition of the property. This 30-day time period will run concurrently with the RFP and staff's review of responses.

If the City Council adopts the resolution authorizing release of the RFP, staff will circulate the RFP beginning on July 20, 2022. Proposals will be due by August 22, 2022. Staff will evaluate the responses received and will report back to the City Council with a recommendation for developer selection after the City Council's August recess.

FISCAL IMPACT

Declaration of the Adeline Sites as Exempt Surplus Land and release of the RFP do not have any direct fiscal impact. The fiscal impact of proposals received in response to the RFP will be evaluated by staff once received, and an analysis will be presented to the City Council prior to execution of an ERN with the selected developer.

STAFF COMMUNICATION WITH THE PUBLIC

None

CONFLICT OF INTEREST

None.

CONCLUSION

Staff recommends that the City Council adopt two attached resolutions to facilitate the redevelopment of the Adeline Sites. First, staff recommends the City Council adopt a resolution declaring the Adeline Sites as Exempt Surplus Land pursuant to Government Code Section 54221(f)(1)(A) for projects that are disposed of for affordable housing. Second, staff recommends that the City Council adopt a resolution authorizing the release of the RFP for the Redevelopment of the Adeline Sites.

PREPARED BY: Valerie Bernardo, Community & Economic Development
Coordinator
Chadrick Smalley, Economic Development and Housing Manager

**APPROVED AND FORWARDED TO THE
CITY COUNCIL OF THE CITY OF EMERYVILLE:**



Christine Daniel, City Manager

ATTACHMENTS:

- Draft Resolution Declaring Adeline Sites Exempt Surplus Land, including Exhibit A, Assessor Parcel Map
- Draft Resolution Authorizing Release of RFP, including Exhibit A: Draft RFP for Redevelopment of the Adeline Sites