



## **CONTRA COSTA COUNTYWIDE OVERSIGHT BOARD STAFF REPORT**

**Meeting Date: September 23, 2019**

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**TO: THE HONORABLE CHAIR AND BOARD MEMBERS**

**SUBJECT: RESOLUTIONS OF THE CONTRA COSTA COUNTYWIDE  
OVERSIGHT BOARD AUTHORIZING THE DISPOSAL OF TWO  
PLEASANT HILL REDEVELOPMENT SUCCESSOR AGENCY  
PROPERTIES**

### **SYNOPSIS**

The former Pleasant Hill Redevelopment Agency (Former Agency) owned two properties upon its dissolution in 2012. State law requires the Successor Agency to the Pleasant Hill Redevelopment Agency (Successor Agency) to dispose of these properties pursuant to a Long Range Property Management Plan (LRPMP) approved by the Department of Finance (DOF). The Successor Agency listed the properties for sale in November 2017 and received multiple offers. Two Purchase and Sale Agreements (PSAs) have been approved by the Successor Agency and forwarded to the Contra Costa Countywide Oversight Board (Oversight Board) for its consideration: 1) PSA with Habitat for Humanity East Bay/Silicon Valley for a parcel of vacant land at 250 Cleaveland Road (APN 149-130-016) and 2) PSA with the City of Pleasant Hill for a parcel of vacant land on Hookston Road and Contra Costa Boulevard (APN 149-110-087).

### **DISCUSSION**

#### **Background**

All California redevelopment agencies were dissolved effective February 1, 2012 through Assembly Bill x1 26. The City of Pleasant Hill (City) elected to serve as Successor Agency and is responsible for winding down the Former Agency's affairs. One of the Successor Agency's responsibilities is to dispose of properties owned by the Former Agency pursuant to the LRPMP approved by DOF on October 9, 2015 (see Attachment 1).

The Former Agency owned two properties upon its dissolution:

- 1) A ~10,890 s.f. parcel of vacant land at 250 Cleaveland Road (APN 149-130-016)
- 2) A ~6,098 s.f. triangular parcel of vacant land on Hookston Road and Contra Costa Boulevard (APN 149-110-087, hereafter referred to as the "Hookston Remnant Parcel")

The LRPMP approved listing the two properties for sale. Any sales proceeds are required to be remitted to the Contra Costa County Auditor-Controller to distribute to affected taxing entities as part of the redevelopment dissolution process.

The Successor Agency listed the properties for sale in November 2017. The next section provides more detail on each property and summarizes offers received. The Successor Agency Board approved the PSAs for the selected offers at its meeting on September 16, 2019:

- 1) A PSA with Habitat for Humanity East Bay/Silicon Valley (Habitat) to transfer 250 Cleaveland Road for \$10 to develop a proposed 7 townhouse-style ownership units that will be affordable to low and moderate income homeowners; and
- 2) A PSA with the City to transfer the Hookston Remnant Parcel for \$5,000.

The PSAs have been forwarded to the Oversight Board for its consideration as required by Health and Safety Code (“HSC”) Section 34191.5. A public notice of this meeting was published with at least 10 days’ notice as required by HSC Section 34181(f).

## Analysis

### 250 Cleaveland Road

The Former Agency purchased 250 Cleaveland Road in 1985. At the time, the lot had a single family home that was rented out until 2005. The house was demolished in 2005 due to escalating costs of repairs that made the building untenable. The property is now a vacant lot designated for multi-family medium density land use. The LRPMP provides for selling the property and distributing sales proceeds to affected taxing agencies as required by the redevelopment dissolution process. The sale must be approved by the Successor Agency Board and the Oversight Board.

The Successor Agency received three offers to purchase 250 Cleaveland Road after listing it for sale, summarized in Table 1.

<b>TABLE 1: SUMMARY OF OFFERS RECEIVED</b> <b>250 Cleaveland Road (APN 149-130-016)</b> <i>~10,890 s.f. vacant land designated for multi-family medium density land use</i>			
<b>Buyer</b>	<b>Consideration</b>	<b>Proposed Use</b>	<b>Affordability</b>
Offer 1:  <i>Habitat for Humanity East Bay/ Silicon Valley</i>	\$0 (\$0/sf)  Plus \$400,000 forgivable loan from City (not Successor Agency)	7 for-sale townhouses	Affordable to low and moderate income households for a minimum of 55 years

<b>TABLE 1: SUMMARY OF OFFERS RECEIVED</b> <b>250 Cleaveland Road (APN 149-130-016)</b> <i>~10,890 s.f. vacant land designated for multi-family medium density land use</i>			
<b>Buyer</b>	<b>Consideration</b>	<b>Proposed Use</b>	<b>Affordability</b>
Offer 2	\$100,000 (\$9/sf)	4 residential units (condos, apartments, or studios)	Market Rate
Offer 3	\$201,000-\$251,000 (\$18-23/sf)  Range based on entitlement contingency	Multifamily Housing with unspecified unit mix	Market Rate
<i>Note: A fourth offer was received but the buyer was unresponsive to follow up communication and is not considered a viable offer.</i>			

Two offers ranging from \$100,000 to \$251,000 proposed purchasing the site and developing market rate housing. Habitat made a third offer (Attachment 2) proposing the development of seven affordable townhouse-style ownership units, which will be affordable to low and moderate income households for a minimum of 55 years. In order to make affordable housing development feasible, Habitat requested the donation of 250 Cleaveland Road plus a \$400,000 forgivable loan. The loan would be funded by the City, not the Successor Agency. Up to \$280,000 (\$40,000 per unit) would be transferred to the owners of each housing unit as a silent second mortgage loan that is eventually forgiven. The remaining balance would be forgiven as contribution to gap financing for the project's development.

After considering all offers, the Successor Agency Board decided to pursue a Purchase and Sale Agreement (PSA) with Habitat. The development of affordable housing units will address the statewide housing affordability crisis and provide much needed affordable housing to the population served by all affected taxing agencies. At the end of 2018, the City had a remaining Regional Housing Needs Allocation need of 301 housing units for the 2014-2022 period, including 69 low income and 84 moderate income units. Donating 250 Cleaveland Road to Habitat and providing a forgivable loan from the City will leverage public assets to provide long-term benefits to the community, whereas selling the property would provide a one-time influx of cash that is divided among 16 taxing agencies (see Table 2 in the *Fiscal Impact* section of this staff report).

The development of affordable housing by Habitat will help address the unprecedented affordable housing crisis in the Bay Area. The Successor Agency respectfully requests that the Oversight Board consider the benefit that donating 250 Cleaveland Road to Habitat will have on the population served by the affected taxing entities, such as teachers and students served by local school districts.

If the PSA is approved by the Oversight Board, the City will provide a \$400,000 forgivable loan

from its Affordable Housing In-lieu Fee Fund (In-Lieu Fund) to help finance Habitat's development. The In-Lieu Fund includes revenues generated by the City's Inclusionary Housing ordinance that are required to be spent on affordable housing.

Habitat's total development cost is estimated to be approximately \$5 million. The City's \$400,000 contribution is 8 percent of the total development cost and represents a subsidy of \$57,143 per unit with seven total units. RSG, the City's affordable housing consultant, has determined that Habitat's funding request is reasonable in terms of the amount of city subsidy sought per affordable unit based on comparable projects in the region. Three proposed projects in Livermore, Dublin, and Fremont that recently applied for Low Income Housing Tax Credit funding reported city subsidies of \$80,000 (plus land donation) to \$150,000 per unit.

Attachment 3 presents a PSA for the Successor Agency Board's consideration, which transfers the property to Habitat for \$10 (a nominal amount) with contingencies requiring Habitat to enter into an Affordable Housing Agreement and Loan Agreement with the City. The Affordable Housing Agreement will require the site's units to be affordable for a minimum of 55 years.

If the Oversight Board does not approve the PSA to transfer 250 Cleaveland Road to Habitat for \$10, the City will return to the Successor Agency Board and Oversight Board with alternate options for disposing of 250 Cleaveland Road.

#### Hookston Remnant Parcel

The Hookston Remnant Parcel is a ~6,098 s.f. triangular parcel of vacant land adjacent to the East Bay Municipal Utility District (EBMUD) trail across from Interstate 680, on the northwest corner of West Hookston Road and Contra Costa Boulevard. It is designated for commercial and retail land use, however its irregular shape makes it difficult to develop. The Former Agency purchased the Hookston Remnant Parcel in 2000 from CalTrans for \$100, with the intent to landscape it as an open space amenity to a nearby multifamily residential project that never came to fruition.

The LRPMP required listing the Hookston Remnant Parcel for sale. If no purchase offers were received, the LRPMP permitted the property to be transferred to the City for no consideration.

The Successor Agency listed the property for sale in November 2017. The City initially did not receive any viable offers (although one offer was received, the prospective buyer did not respond to follow up communication). In September 2018, Pacific Gas & Electric (PG&E) requested an easement to place a utility cabinet on the property. The Successor Agency invited PG&E to submit an offer on the property rather than obtaining an easement. PG&E offered \$1,000, however they prefer obtaining an easement rather than buying the property. Successor Agency staff also reached out to EBMUD, who owns an adjacent trail, but they were not interested in purchasing the property.

The City would like to retain ownership of the Hookston Remnant Parcel in order to maintain control over its use. The City has offered \$5,000 to purchase the property, which is a good faith

offer above PG&E's offer of \$1,000. A PSA transferring the Hookston Remnant Parcel from the Successor Agency to the City is provided as Attachment 4.

DOF is not required to approve the PSAs for 250 Cleaveland Road or the Hookston Remnant Parcel since their sale carries out the actions DOF approved in the LRPMP.

## **FISCAL IMPACT**

If the Oversight Board approves transferring 250 Cleaveland Road to Habitat for \$10 and the Hookston Remnant Parcel to the City for \$5,000, the City will remit the sales proceeds to the County Auditor-Controller to distribute to affected taxing agencies. Table 2 summarizes each affected taxing agency's share of LRPMP sales proceeds based on tax allocation factors provided by the County Auditor-Controller in August 2019.

**Table 2: Taxing Agency Shares of LRPMP Sales Proceeds**

<b>Pleasant Hill Successor Agency</b>				
Agency	Allocation Factor	250 Cleaveland Road	Hookston Remnant Parcel	Total Sales Proceeds
Contra Costa County	0.10578	1.06	528.89	529.95
County Library	0.01534	0.15	76.70	76.85
CCC Fire Protection District	0.12964	1.30	648.20	649.49
CCC Flood Control & Water Conservation	0.00959	0.10	47.97	48.07
Mosquito Abatement District	0.00160	0.02	8.01	8.03
Central CC Sanitary	0.01989	0.20	99.47	99.67
Mt. Diablo Healthcare (Concord)	0.00125	0.01	6.25	6.26
Pleasant Hill Rec & Park District	0.05905	0.59	295.25	295.84
CCC Water District	0.00451	0.05	22.56	22.61
BART	0.00649	0.06	32.45	32.52
Bay Area Air Quality Management District	0.00189	0.02	9.46	9.48
East Bay Regional Park District	0.03086	0.31	154.30	154.61
City of Pleasant Hill (incl. Lighting Dist)	0.06222	0.62	311.12	311.74
CCC Office of Education	0.16458	1.65	822.91	824.55
Mt. Diablo Unified School District	0.31613	3.16	1,580.66	1,583.83
CCC Community College	0.07116	0.71	355.80	356.51
<b>Total</b>	<b>1.00000</b>	<b>\$ 10.00</b>	<b>\$ 5,000.00</b>	<b>\$ 5,010.00</b>

## **PUBLIC CONTACT**

The Oversight Board Secretary published a public notice of the Oversight Board's consideration of the PSAs at least 10 days' prior to this meeting as required by HSC 34181(f).

## **RECOMMENDED OVERSIGHT BOARD ACTION**

Successor Agency staff recommends adopting resolutions approving a PSA to transfer 250 Cleaveland Road to Habitat for \$10 and a PSA to transfer the Hookston Remnant Parcel to the City for \$5,000.

## **ALTERNATIVES TO RECOMMENDED ACTION**

Give alternative direction to Successor Agency staff.

### **ATTACHMENT(S):**

1. Pleasant Hill Successor Agency Long Range Property Management Plan
2. Letter of Interest from Habitat to acquire 250 Cleaveland Road
3. Purchase and Sale Agreement (250 Cleaveland Road to Habitat)
4. Purchase and Sale Agreement (Hookston Remnant Parcel to City)
5. Resolution \_\_\_\_ Approving the 250 Cleaveland Road PSA
6. Resolution \_\_\_\_ Approving the Hookston Remnant Parcel PSA

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