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Oak Knoll to include low-income homes 50 acres of the prime property to be preserved as open space

By Heather MacDonald, STAFF WRITER

OAKLAND — At least some affordable housing will be built on the grounds of the former Oak Knoll Naval Hospital, with the Oakland City Council agreeing low-income residents should be given the opportunity to live in the hills above Interstate 580.

SunCal Companies, which paid \$100.5 million for the 167-acre property during an auction last year, plans to build 960 homes and an 82,000-square-foot commercial center on one of the last large, high-profile pieces of land left for development in Oakland.

In addition to the new homes — which will include a range of styles from condominiums and town homes to single-family and estate homes — about 50 acres of the hilly property with views of San Francisco Bay will be preserved as open space. Also, Rifle Range Creek will be restored and two to three miles of trails will be built, SunCal project manager Pat Keliher said.

The development plan, not yet final, was crafted after company representatives met several times with community members. It also includes a new home for the Seneca treatment center and calls for the historic officers' club to be restored and used as a public facility, Keliher told the council.

"The Oak Knoll development will provide a tremendous benefit for the city of Oakland," Keliher said.

The council voted unanimously Tuesday to merge the Oak Knoll Redevelopment Area with the much larger Central City East Redevelopment Area, which includes portions of the Eastlake, East Oakland,

Fruitvale and Elmhurst neighborhoods.

Because of the rising value of the Oak Knoll property, the merger is expected to generate \$925 million over 45 years. That money will be spent to alleviate blight in those flatland neighborhoods, and includes \$325 million for affordable housing projects.

"That's the money it's going to take to turn around East Oakland," said Daniel Vanderprie, director of the redevelopment agency. "It will be a huge boost for East Oakland."

Under state redevelopment law, Irvine-based SunCal must set aside 15 percent of the homes it plans to build for low- and moderate-income residents, or 144 units if 960 homes built.

Because the Central City East Redevelopment Area has a surplus of affordable units, SunCal asked the council to allow them to pay a fee rather than setting aside units at Oak Knoll for low income residents.

Councilmember Desley Brooks (Eastmont-Seminary) said allowing SunCal to fulfill its entire affordable housing requirement without including any units at Oak Knoll would set bad precedent and create "second-class" neighborhoods.

"Oak Knoll should be a mixed-income development," Brooks said.

The council voted unanimously to allow SunCal to pay a fee to meet half of the affordable housing requirement. That means 72 units at Oak Knoll could be set aside for low-income residents, or SunCal could ask the council to allow it to pay more and build fewer units on site once the plan is finalized. In addition, city officials and SunCal will set an income target for the affordable units, as part of final negotiations over the development, Vanderprieem said.

That is a crucial issue, Keliher said, because if the units are aimed at very low and low-income residents, the project will become more expensive.

SunCal's position was supported by the project area committee overseeing the Central City East Redevelopment Area, which welcomed the infusion of cash from the affordable housing fees.

Frank Rose, a member of the committee, said it would be difficult for low-income residents to live in Oak Knoll because of its limited access to public transportation and social services.

Affordable housing advocates urged the council to honor its promise to build housing for low-income residents in all areas of the city.

Alex Salazar, a board member of East Bay Housing Organizations, said it would be hypocritical for the council to exempt a development in the affluent East Oakland hills from the affordable housing requirement while requiring developers of projects in the flatlands to set aside units for low- and moderate-income residents.

Although Council President Ignacio De La Fuente (Glenview-Fruitvale) and Councilmembers Larry Reid (Elmhurst-East Oakland) and Henry Chang Jr.

(At -Large) favored the developer's proposal, they made the vote unanimous when it was clear they would not prevail.

Staff writer Cecily Burt contributed to this report.