

Barbara J. Parker, City Attorney (SBN 69722) 1 BParker@oaklandcityattorney.org 2 Doryanna M. Moreno, Chief Assistant City Attorney (SBN 140976) 3 DMoreno@oaklandcityattorney.org Bijal Patel, Special Counsel (SBN 191622) 4 BPatel@oaklandcityattorney.org ALAMEDA COUNTY Michael C. Branson, 5 Deputy City Attorney (SBN 302077) MBranson@oaklandcityattorney.org 6 OAKLAND CITY ATTORNEY **CLERK OF THE SUPERIOR COURT** One Frank Ogawa Plaza, 6th Floor 7 Oakland, California 94612 Deputy Telephone: (510) 238-3601 8 Facsimile: (510) 238-6500 9 Perry J. Woodward (SBN 183876) pwoodward@hopkinscarley.com Monique D. Jewett-Brewster (SBN 217792) 10 mjb@hopkinscarley.com Andrew J. Ditlevsen (SBN 284911) 11 ajd@hopkinscarley.com 12 **HOPKINS & CARLEY** A Law Corporation The Letitia Building 13 70 S First Street 14 San Jose, California 95113-2406 Telephone: (408) 286-9800 (408) 998-4790 15 Facsimile: 16 Attorneys for Petitioner and Plaintiff The City of Oakland 17 SUPERIOR COURT OF THE STATE OF CALIFORNIA 18 COUNTY OF ALAMEDA 19 KG190 36930 THE CITY OF OAKLAND, a municipal 20 corporation and public agency, PETITION FOR WRIT OF MANDATE AND Petitioner and Plaintiff, 21 COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF 22 (Code Civ. Proc., §§ 526, 526a, 1060, 1085) THE COUNTY OF ALAMEDA, a public 23 body, corporate and politic; BOARD OF SUPERVISORS OF THE COUNTY OF 24 ALAMEDA; and DOES 1-20, inclusive, 25 Respondents and Defendants. 26 Petitioner and Plaintiff the City of Oakland (the "City" or "Petitioner") complains and alleges 27 as follows: 28 853\3298943.13 HOPKINS & CARLEY ATTORNEYS AT LAW PETITION FOR WRIT OF MANDATE AND SAN JOSE • PALO ALTO

COMPLAINT FOR DECLARATORY AND INJUNCTIVE RELIEF

HOPKINS & CARLEY ATTORNEYS AT LAW SAN JOSE + PALO ALTO

INTRODUCTION

- 1. The City of Oakland ("City") files this action to enforce the state mandate that publicly-owned land if it is to be sold first be made available for affordable housing, park and recreational, or open-space purposes. The California Surplus Land Act (hereafter sometimes the "Act") addresses a housing crisis that continues to create untenable shortages of housing available for low income Bay Area families by prioritizing the use of public lands for this critical purpose while serving the additional goal of preserving public land for park and recreational and open-space purposes.
- 2. In negotiating a deal to sell its undivided interest in jointly owned City-County land, Respondents and Defendants the County of Alameda ("County") and its Board of Supervisors ("Board") have made no efforts to either comply with the procedures of the Surplus Land Act or even ensure its public lands will be used to fulfill the salutary aims of the Act.
- 3. In recent years, the County has indicated its intention to extricate itself from ownership of the Oakland-Alameda County Coliseum Complex, the real property situated in the County of Alameda, City of Oakland (the "Complex," as more specifically defined below). The County and its Board have treated the Complex as surplus land and have sought to sell the Complex in an effort to, as stated publicly by Board Supervisor Scott Haggerty, "get us out of the sports business." Whatever its motivation, the County must comply with the Act prior to selling its interest in the Complex. As publicly stated by Board Supervisor Nate Miley, "We own the property. We're making a decision, and if the [City] wants to challenge that they can. We can always go to court." The County and Board's failure to comply with its obligation now forces the City to "go to court" to protect the public interest.
- 4. Sale of the Complex is imminent. The Board has already agreed upon a term sheet for the sale of the Complex to the Athletics Investment Group, LLC ("Oakland Athletics") and has directed its staff to enter discussions to develop a binding formal agreement with the Oakland Athletics for the disposition of the County's undivided interest in the Complex. City officials and staff have been told by the Oakland Athletics and the County that the Board's final action to enter into a binding agreement is imminent. The Board's regular meetings are scheduled to occur on a weekly basis and the Board can additionally schedule special meetings on one day's notice. California's open meeting law allows the Board to hold a regular meeting by providing 72 hours advanced written notice to the public and to

conduct a special meeting after providing 24 hours advanced written notice. California Government Code §§ 54954(a) [regular meeting], 54956 [special meeting].

- 5. The City is only one of the many eligible entities under the Act that have not received a properly noticed offer from the County to negotiate in good faith to acquire the County's interest in this valuable public asset and develop it for continued public good. The City in recent years has discussed with the County possible terms for the City to take ownership of the County's interest in the Complex. But when the County provided a proposed term sheet to the City in February of 2019, the County did not provide any notice under the Surplus Land Act informing the City that it had 60 days to review the proposal. Nor did the County inform the City that the County was close to finalizing a non-binding agreement with the Oakland Athletics. The City later learned that this non-binding agreement included more favorable terms and conditions than those proposed in the County's last proposal to the City in February of 2019.
- 6. The City, qualified housing sponsors, and other local agencies have the right, before the County disposes of the land to other interested parties, to receive a written offer from the County to consider for sixty days and participate for an additional ninety days in good faith negotiations to purchase or lease this surplus land so that the land will be used for affordable housing, park and recreational, or open-space purposes. The County has failed to deliver the written offers required under the Act prior to moving forward with the disposition of its property, and the Board intends to approve the sale of the County's tenancy-in-common interest in the Complex in violation of its duties under the Act. Further, by failing to comply with the Act's requirements, the County is not ensuring that if the purchasing entity or its successor in interest constructs ten or more residential units on the Complex, fifteen percent of the total units be affordable to low income households for 55 years.
- 7. Upon the County entering into a binding agreement for the sale and transfer of title to its interest in the Complex in violation of the Act's strict requirements, the City's opportunity to explore whether the Complex could be developed for affordable housing, continued recreational uses or other public good on behalf of the City's residents would be extinguished. The harm to the City from the proposed sale would be significant and irreparable because the Complex's location makes this a key public asset to benefit from the Act's protective measures. Its location in an infill opportunity zone, its -3 -

existing use for public sporting events, and its proximity to public transit makes this surplus land a prime candidate for a mixed use transit-oriented development that could include various public benefits such as affordable housing, public recreation, and employment.

- 8. The Act also requires that any local agency that proposes to dispose of surplus land mus negotiate *in good faith* for a period of not less than ninety days. See California Government Code § 54223. The County has not complied with this mandate. While Respondents in recent years occasionally met with City representatives to discuss the Complex, Respondents were concurrently and privately negotiating with the Oakland Athletics. This does not constitute "good faith" under the Act. Further, the non-binding term sheet between the County and the Oakland Athletics reveals that the County has not required of the Oakland Athletics any public benefits protected by the Act, such as affordable housing, recreation or open space. Nor does the proposed sale include any community benefits for the City's residents who stand to be most impacted by the sale of this valuable public asset located in an infill opportunity zone in East Oakland.
- 9. The City brings this action against the County and its Board for violation of California's Surplus Land Act, and seeks a Writ of Mandate pursuant to Code of Civil Procedure section 1085 *et seq.*, declaratory relief pursuant to Code of Civil Procedure section 1060, and injunctive relief pursuant to Code of Civil Procedure sections 526 and 526a. Particularly, the City seeks a declaration that the sale of the County's interest in the Complex violates the Surplus Land Act, injunctive relief to force Respondents to cease and desist in their efforts to dispose of surplus land in an illegal manner, and a peremptory Writ of Mandate commanding Respondents to comply fully with the mandatory duties the Act imposes on the County's disposition of surplus land, including but not limited to, the duties expressly set forth in section 54222.

THE PARTIES

10. Petitioner and Plaintiff THE CITY OF OAKLAND is a municipal corporation validly organized and existing under the laws of the State of California. Similar to other cities in the Bay Area, the City suffers from an ongoing housing crisis, including an acute and worsening crisis of homelessness due to, among other contributing forces, skyrocketing housing costs, a housing inventory deficit, and a decrease in funding resulting from the dissolution of redevelopment agencies. Between - 4 -

2017 and 2019, the number of homeless individuals in the City increased by 47 percent. Through several departments, including its Department of Housing and Community Development, the City continues to invest in a wide variety of critical efforts with various strategic partners to house individuals and families in desperate need of shelter. The City also provides for expanded park and recreational uses and encourages infill development with a significant affordable housing component throughout the city, including on public lands.

- 11. Respondent and Defendant THE COUNTY OF ALAMEDA is an existing legal subdivision and body corporate and politic of the State of California pursuant to Section 1 of the Charter of the County of Alameda (the "County Charter"). Section 2 of the County Charter acknowledges that: "The powers mentioned in the preceding section can be exercised only by a Board of Supervisors or by agents and officers acting under their authority or *by authority of law* or of this Charter." (Emphasis supplied.)
- 12. Respondent and Defendant THE BOARD OF SUPERVISORS OF THE COUNTY
 OF ALAMEDA is the body of the County responsible for carrying out the Constitution and laws of the
 State of California, and conforming the actions of the County to the requirements of law.
- 13. Does 1-20 are persons or entities whose identities or relationship to this action are currently unknown to the City. When their identities are ascertained, the City may amend this petition and complaint by inserting their true names and relationships herein.

JURISDICTION AND VENUE

- 14. This Court has jurisdiction over this matter pursuant to Code of Civil Procedure sections 526, 526a, 1060, and 1085.
- 15. The issuance of a writ is appropriate because there is not a plain, speedy, and adequate remedy in the ordinary course of law.
- 16. Injunctive relief is necessary to prevent irreparable harm to the City in its efforts to advance the development of surplus land for affordable housing, recreational uses, or other public good

¹ Ravani, Oakland homelessness surges 47% - per-capita number now higher than SF and Berkeley, S.F. Chronicle (Jul. 22, 2019), available at https://www.sfchronicle.com/bayarea/article/Oakland-homelessness-surges-47-per-capita-14115123.php.

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on behalf of the City's residents.

Venue in Alameda County is proper under Code of Civil Procedure section 392(a) because the Complex is situated in Alameda County.

THE SURPLUS LAND ACT

- 18. The California Surplus Land Act requires local agencies to prioritize affordable housing, parks and open space when disposing of surplus land by first offering qualifying surplus land for sale or lease to entities that will use the site for affordable housing, parks or open space. See generally California Government Code § 54220 et seq. ²
- 19. Articulating the public policy behind enactment of the Act, the Legislature has declared that "there is a shortage of sites available for housing for persons and families of low and moderate income" and that "surplus government land, prior to disposition, should be made available for [affordable housing]." § 54220(a). Similarly, the Legislature has declared that there is an "identifiable deficiency in the amount of land available for recreational purposes and that surplus land, prior to disposition, should be made available for park and recreation purposes or for open-space purposes. § 54220(b).
- 20. Among other public entities and agencies, all cities and counties in the State of California constitute "local agencies" for the purposes of the Act. § 54221(a).
- 21. "Surplus land" generally refers to properties owned by a local agency that are no longer necessary for the agency's use. See § 54221(b). The Act requires a local agency to give first priority to an entity that agrees to use the surplus land for affordable housing with the sole exception of land zoned for, or already being used for, park or recreational purposes that will be maintained for those uses. § 54227.
- 22. The Act requires that local agencies disposing of surplus land must make written offers to sell or lease the property, prior to disposing of said property, to specified entities, including local public entities developing low- and moderate-income housing; city, county and regional recreational departments for park, recreational or open space purposes; school districts for school facilities construction; nonprofit associations for properties located in enterprise zones; and various public

² All citations are to the California Government Code unless otherwise indicated. - 6 -853\3298943.13

entities for properties located infill opportunity zones or within transit village plans. § 54222(a). To the extent multiple bidders express interest, the Act requires that any offer to transfer or lease surplus land shall prioritize development of the land to provide affordable housing for lower income elderly or disabled persons or households, and other lower income households. *See* § 54222(a). All eligible entities have 60 days to respond to any properly noticed offer under the Act. *See* § 54222(f). The strictures of section 54222(a) apply even where the local agency proposes to sell its surplus land to a purchaser who might develop housing on the property.

- 23. The Act sets forth in no uncertain terms to whom written offers to sell or lease surplus land must be sent prior to disposition of such property. § 54222. These recipients include, but are in no way limited to: (i) any local public entity, as defined in section 50079 of the Health and Safety Code, within whose jurisdiction the surplus land is located; (ii) to any park or recreation department of any city in which the surplus land is located; (iii) to any regional park authority having jurisdiction within the area in which the surplus land is situated; (iv) to the State Resources Agency or any agency that may succeed to its powers; and (v) Housing Sponsors, as defined in section 50074 of the Health and Safety Code, that request notice. *Id*.
- 24. The Act further requires that if the agency selling surplus land does not agree to price and terms with an entity to which notice and an opportunity to purchase or lease are given pursuant to the Act, and the agency selling surplus land disposes of the surplus land to an entity that uses the property for the development of 10 or more residential units, the purchasing entity or its successor-in-interest shall provide not less than 15 percent of the total number of units developed on the parcels at affordable housing cost or affordable rent, as defined in Health and Safety Code Sections 50052.5 and 50053 respectively, to lower income households, as defined in Health and Safety Code Section 50079.5. *See* § 54233.
- 25. In 2014, the Legislature amended the Act to further prioritize affordable housing.

 Assembly Bill No. 2135, 2014 Cal. Stat., ch. 677 (effective Jan. 1, 2015). The legislation reaffirms the Legislature's declaration of the importance of appropriate planning and development near transit stations, to encourage the clustering of housing and commercial development around such stations.

 Studies of transit ridership in California indicate that a higher percentage of persons who live or work 6533298943.13

within walking distance of major transit stations utilize the transit system more than those living elsewhere, and that lower income households are more likely to use transit when living near a major transit station than higher income households. The Legislature concluded that the sale or lease of surplus land at less than fair market value to facilitate the creation of affordable housing near transit is consistent with the state's goals and objectives to achieve optimal transportation use. § 54220(c) ("Declaration of legislative policy.")

FACTUAL ALLEGATIONS

- 26. The City and the County have a long history of jointly owning and managing the Complex. Pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 (commonly known as the Marks-Roos Local Bond Pooling Act of 1985, at § 6584 et seq.), the City and the County entered into a Joint Exercise of Power Agreement, dated as of August 2, 1990, which established the joint powers agency Oakland-Alameda County Coliseum Authority (the "Authority").
- 27. The City and County are the sole two members of the Authority. The Authority operates as a "joint powers authority," a public entity separate from the City and the County.
- 28. The Oakland-Alameda County Coliseum (the "Coliseum"), the Oakland Arena (the "Arena"), and the adjacent parking lots (collectively with the Coliseum and the Arena, the "Complex"), located on 7000 Coliseum Way, Oakland, California, are currently owned jointly by the City and the County as tenants in common, with each holding an undivided 50% interest in the Complex. The Complex is the largest publically owned property in the City of Oakland.
- 29. The Complex consists of: (1) Parcel One, APN: 041-3901-008, an approximately 104acre property improved with the existing Coliseum and surrounding parking lots; (2) Parcel Two. APN: 041-3901-009, an approximately 8.5-acre property improved with the existing Arena; and (3) non-exclusive easements related to the Coliseum and Arena's common areas. A true and correct copy of the legal description for the Complex is attached hereto as Exhibit "A" and is incorporated herein by this reference.
- 30. The Complex is located immediately adjacent to several multi-county transit connections, including the Coliseum Bay Area Rapid Transit ("BART") Station, the Coliseum/Airport Capitol Corridor Amtrak Station serving to connect Sacramento, Davis, Suisun City, Martinez, 853\3298943.13

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Richmond, Berkeley, Emeryville, Oakland, Hayward, Fremont, Santa Clara, and San Jose, and AC Transit bus connections at the Coliseum BART Station with destinations throughout Alameda County.

- 31. On or about December 16, 1996, the City and the County entered into an Amended and Restated Joint Exercise of Powers Agreement (the "Agreement"). Therein, the City and the County (defined as the "Members" under the Agreement) agreed that the purpose of the Agreement was to have the Authority undertake the sale and issuance of bonds, including without limitation, lease revenue bonds, for the purposes of financing improvements for the Los Angeles Raiders to play professional football at the Coliseum, additional improvements to the Coliseum for the benefit of the Oakland Athletics, and improvements to the Arena.
- 32. The Authority also manages the Complex pursuant to a separate agreement by and among the City, the County and third parties.
- 33. The City and the County are joint obligors on certain outstanding bond indentures related to the Coliseum and the Arena, respectively (collectively, the "Bonds"). The City and the County are currently making debt service payments on the Bonds.
- 34. Historically, the Authority managed licenses to professional sports teams for the benefit of the residents and taxpayers of the City and the County. However, the Raiders professional football team has announced and is in the process of moving its operations to Las Vegas, Nevada. The Golden State Warriors professional basketball team has transferred its operations to San Francisco. The Oakland Athletics are pursuing entitlements for a new ballpark project located at Howard Terminal in Oakland.
- 35. As a result of these and other developments, and public statements from the County, the City is informed and believes that the County has determined that it no longer needs the Complex, and desires to sell its interest in it.
- 36. In or around March 2018, the Oakland Athletics informed the City and the County of their interest to enter negotiations for the Athletics' purchase of the Complex. On information and belief, the City alleges that the County began private negotiations with the Oakland Athletics in or around November 2018.
- 37. Around this same time period, the City engaged in communications with the County to 9 -

determine if there were feasible opportunities for the City to acquire the County's interest in the Complex. The County convened on several occasions with City negotiators to discuss the County's proposed sale. However, in proposed draft term sheets for sale between the City and the County, the County imposed onerous sale conditions, including but not limited to the City's up-front defeasement of the County's bond debt related to the Complex and full payment of the agreed upon purchase price rather than an installment sales agreement such as the proposed deal with the Oakland Athletics.

Additionally, the County has not convened any public process to discuss any critical investments and community benefits that City residents might recognize from the sale.

- 38. The City is informed and believes that the County has failed to send the written notices and offers to sell or purchase its surplus land as required by the Act to local entities as defined in Section 50079 of the Health and Safety Code within whose jurisdiction the surplus land is located. The County provided a revised term sheet to the City for acquisition of the County's interest in the Complex in or about February 2019. When it did so, the County did not provide the City with a notice pursuant to the Surplus Land Act or state that the City had a 60-day period to review the proposal.
- 39. At a regular meeting of the Board on April 23, 2019, the Board voted to authorize its President to sign a non-binding term sheet dated April 17, 2019 with the Oakland Athletics ("Term Sheet") and direct staff to enter into discussions to develop a binding formal agreement with the Oakland Athletics for the disposition of the County's undivided interest in the Complex. The City is informed and believes and thereon alleges that a true and correct copy of the Term Sheet is attached hereto as **Exhibit "B"** and incorporated herein by this reference. This Term Sheet does not include any obligation or provide any assurances that if the Oakland Athletics develop the Complex with 10 or more residential units, the Oakland Athletics would make 15 percent of the total units affordable to lower income households.

FIRST CAUSE OF ACTION Violation of the California Surplus Land Act Writ of Mandate (Code Civ. Proc. § 1085)

- 40. Petitioner incorporates by reference herein each and every allegation in the preceding paragraphs.
- 41. The County through its Board have expressed a strong interest to no longer hold a 10 -

use by a school district for open-space purposes to any school district in whose jurisdiction the land is located.

- 46. By failing to comply with the Act, Respondents have deprived Petitioner, as well as other local agencies and stakeholders, of the opportunity to negotiate in good faith to purchase or lease the County's interest in the surplus land for the development of affordable housing, parks, or open space.
- 47. Based on information and belief, the City is gravely concerned that the Board's vote to authorize a binding agreement to sell the County's surplus land to the Oakland Athletics is imminent.
- 48. The violation of the Act would cause irreparable harm to Petitioner because of the loss of the potential development of surplus land for affordable housing, recreational uses, or other public good on behalf of the City's residents, including but not limited to the County's failure to ensure that 15 percent of residential units developed at the Complex would be affordable to lower income households as required by section 54233 of the Act.
- 49. This proposed sale in violation of the Act would also cause irreparable harm to Petitioner because the Complex is Oakland's largest public land parcel, is adjacent to the Coliseum BART station, stops for several AC Transit bus lines, and the Coliseum Amtrak Capitol Corridor train station, and affordable housing near regional transit systems is of particular need for lower income families and individuals. It is imperative that the Complex be developed first and foremost for the benefit of the people of the City of Oakland and the County of Alameda. The Complex's location makes this a key public asset to benefit from the Act's protective measures.
 - 50. Petitioner has no plain, speedy, and adequate remedy in the ordinary course of law.
- 51. Petitioner is beneficially interested in having Respondents comply with all applicable provisions of law and their legal duties, as set forth herein.

WHEREFORE, Petitioner prays for relief, as set forth below.

SECOND CAUSE OF ACTION Declaratory Relief (Code Civ. Proc. § 1060)

52. Petitioner incorporates by reference herein each and every allegation in the preceding paragraphs.

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- 53. An actual controversy exists between Petitioner and Respondents over Respondents' compliance with their duties under the Surplus Land Act. Specifically, Petitioner contends that Respondents must comply with section 54222 and deliver the written offers to sell or lease the County's interest in the Complex under the requirements of the Act. Petitioner further contends that the County first must negotiate in good faith with the City as required under the Act.
- 54. Respondents' proposed sale of the County's interest in the surplus land at issue illegally deprives Petitioner of the maximum surplus sites available for affordable housing, parks, and open space purposes required by the Act.
- 55. Petitioner is beneficially interested in having Respondents comply with all applicable provisions of law and their legal duties, as set forth herein.

WHEREFORE, Petitioner prays for relief, as set forth below.

THIRD CAUSE OF ACTION Violation of the Surplus Land Act (Code Civ. Proc. §§ 526, 526a)

- 56. Petitioner incorporates by reference herein each and every allegation in the preceding paragraphs.
- 57. At all times relevant to this action, Respondents have had clear, mandatory duties and prohibitions imposed by the Surplus Land Act, section 54220 *et seq.* Those mandatory duties include disposing of surplus land in accordance with the Act.
- 58. By failing to comply with the Act, Respondents have deprived Petitioner, as well as other local agencies and stakeholders, of the opportunity to negotiate in good faith to purchase the County's interest in the surplus land for the development of affordable housing, parks, and open space.
- 59. The violation of the Act would cause irreparable harm to Petitioner because of the loss of the potential development of surplus land for affordable housing, recreational uses, or other public good on behalf of the City's residents, including but not limited to the County's failure to ensure that 15 percent of residential units developed at the Complex would be affordable to lower income households as required by section 54233 of the Act.
- 60. The violation of the Act also would cause irreparable harm to Petitioner because the Complex is adjacent to the Coliseum BART station, stations for several AC Transit bus lines, and the

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