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Developers bash housing plan

Dellums' proposed affordable-units policy could cause costly delays, alliance says

By Cecily Burt and Kelly Rayburn, STAFF WRITERS

Article Created: 02/14/2008 02:46:07 AM PST

OAKLAND — Developers and construction workers who say they have been hard-hit by the housing crisis have formed an alliance to oppose Oakland Mayor Ron Dellums' proposed housing policy, which forces builders to include affordable housing in their projects.

Kathy Kuhner, owner of Dogtown Development, said Wednesday that small builders have had to put their projects on hold, because the economy and the foreclosure crisis means no one is selling, no one is buying and financing for new home construction has all but dried up.

If projects are stalled, construction crews go without work and the city's general fund — which Kuhner said receives 57 percent of its income from the real estate industry — takes a major hit.

Kuhner said that the timing is all wrong for the proposed policy, which will be heard by the Oakland City Council Tuesday. The alliance wants Dellums to scrap his inclusionary zoning plan and extend by three years the time limit for breaking ground on market-rate projects that have already been approved by the city.

Failure to do so will kill any chance of a resurrection in the home building industry when — or if — the housing market rebounds, Kuhner said.

"There's an estimated 700 units in Dogtown (a triangular area of West Oakland near the Emeryville border) that are not being built," she said. "I have a 132-unit project at 34th and Hollis streets I can't build."

On the other side of the issue, affordable-housing

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advocates are hoping the council approves a broad housing policy Tuesday after years of debate.

Council consideration of Dellums' proposals will come after a blue ribbon commission to study housing gave the council a host of recommendations — including adopting an inclusionary zoning policy — in September.

Those recommendations were never voted on. Inclusionary zoning is just one aspect of what the council will consider Tuesday, though, along with development of a new policy on condo conversions, it is likely to be one of the most controversial.

Dan Lindheim, head of the Community and Economic Development Agency and a close adviser to the mayor, said the inclusionary zoning policy Dellums is proposing is a "minimal requirement."

It would be phased in over two years. For the first two years, developers would be required to make just 5 percent of their units affordable, before the percentage increase in the third year.

"After two years, hopefully there'll be a rebound," Lindheim said. "What you want to do is put in place the policies that exist in every jurisdiction, other than Oakland, in the Bay Area."

Amie Fishman, executive director of East Bay Housing Organizations, which has been pushing for Oakland to adopt an inclusionary zoning policy for eight years, said there's no evidence Dellums' proposals will slow the market.

"They want it both ways," she said. "In a hot market, they say it's not time to do inclusionary zoning. In a down market, they say it's not time to do inclusionary zoning. What we know about inclusionary zoning is it's a long-term policy."

She said one-third of the cities in California, including every city in Alameda County other than Oakland, have an inclusionary zoning policy.

"Oakland is not somehow outside the system where somehow it's going to be a problem in Oakland when it hasn't been a problem in other jurisdictions," she said.

While affordable-housing advocates stress the need to get more low-income people into steady housing, others say Dellums' proposals would deepen an already desperate market.

Nicholas Dean, 27, a surveyor for Bay Area Land Surveying, said most of his work involves condominium construction, and even that has been hit hard.

"Nobody's selling, nobody's buying," he said. "It's not Dellums' fault, but his proposals are not going to help. ... With this recession, the city needs to give incentives for people to build."

Kuhner contends that Oakland was the leader in affordable-housing construction under former Mayor Jerry Brown. She said the city needs more "middle-income housing," not more affordable housing.

In an odd twist of fate, Kuhner said she is negotiating to sell the 34th and Hollis property to Mercy Housing, an affordable-housing developer, for "pennies on the dollar."

"Affordable housing is the only game in town," she said. "It's the only thing that's being built."

The newly formed Oakland Builders Alliance is made up of small and independent developers, builders, subcontractors



Surveyor Nicholas Dean, 27, and CS Development construction workers wait outside of Mayor Dellum...

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and construction workers. The big boys — Signature Properties, Forest City, AF Evans — are not involved.

Kuhner, who has built 75 new units of housing in West Oakland, is the organization's vice chair. Carlos Plazola of Terra Linda Development, a former aide to City Council President Ignacio De La Fuente, is the chair.

"I did very well during the boom, I'm doing very poorly now," Kuhner said, adding that the Dogtown zip code is home to 394 foreclosures. "Developers are not going to put their profits into losing (propositions)."

Christian Szilagy of CS Development has built three new single family homes in Oakland. Two on Linden Street have been on the market for nine months, no takers.

"Right now I build for Kathy (Kuhner)," he said. "If her jobs dry up, I'm in trouble. Well, I've been in trouble for six months."

Sabin Dedeo, 38, a foreman and carpenter for CS Development, said he tried to get a job on bigger housing developments around the Bay Area when the work started drying up, but he didn't get hired.

"I stayed home six months last year; there was no work," Dedeo said.

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