

# REDEVELOPMENT AGENCY

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

## AND THE CITY OF OAKLAND

### AGENDA REPORT

To: 2010 OCT 26 PM 6:33 Office of the Agency Administrator

Attn: Dan Lindheim

From: Community and Economic Development Agency

Date: October 26, 2010

**Re: An Agency Resolution Amending Resolution No. 2008-0087 C.M.S. To Rescind A Contribution Of Central City East Redevelopment Funds In The Amount Of \$500,000 To The City Of Oakland Under The Cooperation Agreement For Engineering And Slope Stabilization Work At 2621, 2631, And 2633 Wallace Street; And Reallocating Such Funds To A Grant To The Adjoining Property Owners, James G. Gong And Ying S. Gong, In An Amount Not To Exceed \$500,000 Under An Owner Participation Agreement To Perform Such Work.**

**A Resolution Amending Resolution Number 81550 C.M.S. To Return A Contribution Of Remaining Redevelopment Funds In The Amount Of \$500,000 For Engineering And Slope Stabilization Of Properties Located At 2621, 2631, And 2633 Wallace Street**

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#### SUMMARY

The Community and Economic Development Agency requests approval of a resolution authorizing the Agency Administrator to negotiate and enter into an Owner Participation Agreement (“OPA”) with Mr. James G. Gong and Mrs. Ying S. Gong, property owners of 2646, 2662, and 2672 14<sup>th</sup> Avenue to provide a matching grant in an amount not to exceed \$500,000. The grant is to assist with the slope stabilization of the adjacent properties located at 2621, 2631, and 2633 Wallace Street herein referenced as “Properties.” The Agency and City also requests authorization to return \$500,000 of Central City East funds from the City of Oakland to the Agency for the purposes of the Ownership Participation Agreement with James G. Gong and Mrs. Ying S. Gong, property owners of 2646, 2662, and 2672 14<sup>th</sup> Avenue. The Properties are located within the Central City East (“CCE”) Redevelopment Project Area.

#### Agency Funding Structure & Purpose

Proposed funding for engineering and stabilization work to the Properties will be structured as a reimbursable fifty percent “one-for-one” matching grant (the “Grant”). Stabilization of the Properties will take place with City approval and recommendations from a structural engineering firm. Grant funds will be distributed for stabilization improvements only. Grant funds will be paid from available Central City East redevelopment funds in an amount not to exceed \$500,000. These funds were previously allocated for the slope work by previous Council action, which

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authorized a contribution of the funds from the Agency to the City to perform the work. This action would restructure this funding from a contribution to the City to a grant to the adjacent property owners.

### **FISCAL IMPACT**

Reimbursement funding for the proposed slope stabilization improvements in an amount not to exceed \$500,000 will be allocated from the Redevelopment Agency's Central City East Operations Fund (9543), Engineering and Design (92242), and Wallace Street Project ORA (S353110) and Program Number (0000). The Agency will rescind \$500,000 funds from the City of Oakland's Entity 1, Fund 7780, and Project Number P353210 to return to the Agency Wallace Street Project ORA (S353110).

### **BACKGROUND**

Mr. James G. Gong and Mrs. Ying S. Gong are requesting assistance from the Agency to undertake slope stabilization to the adjoining Properties located at 2621, 2631, and 2633 Wallace Street. A request for the use of \$800,000 of the Central City East Redevelopment funds for the Wallace Street project was presented to the CCE Project Area Committee on July 7, 2008 and approved by the Council/Agency on September 16, 2008 (City Resolution Number 81550 C.M.S. and Agency Resolution Number 2008-0087 C.M.S.). The attached resolutions rescind \$500,000 of Central City East funds previously allocated to the City of Oakland for the Wallace Street Project and return these funds to the Agency for the use of the Ownership Participation Agreement (OPA) with the Gong family.

Staff has worked with the owners to explore the best funding option, factoring in City and Agency roles to undertake the work as well as Agency restrictions. Staff and the owners have agreed that said funds should be distributed as a reimbursable matching grant to the adjacent owners, rather than used by the City itself to perform the stabilization work.

The Wallace Street Properties have been a health and safety concern for the City of Oakland since 2001. As a result of a landslide which occurred during winter storms in 2001/2002, residential buildings located on the Properties were red-tagged by the City on February 8, 2002 as unsafe for occupancy and substandard conditions. The City of Oakland has been working to address the blighted condition of the properties over the past six years. The following is a brief history about the problems with the Wallace Street properties:

1. On March 21 and 22, 2002, notices of violation were sent to the owners of the Properties declaring the Properties unsafe for the safety, health, and welfare of the occupants. This notice also stated that failure to comply with all parts of the declarations to rehabilitate the

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Properties to safe conditions may subject the owners to additional property inspections, penalties, and repairs as conditions continue to exacerbate.

2. On March 6, 2007, second notices were sent to the owners of the Properties stating that all efforts by City staff to mitigate unsafe and hazardous conditions through its code reinforcement actions have been unsuccessful and the City was contacting a geological firm to provide a slope stability analysis of the landslide where the Properties are located.
3. On April 16, 2007, an additional notice was sent to the new property owner of 2621 Wallace Street advising the property owner as to the present conditions of the property purchased.
4. In late 2008 and January 2009, the three structures located on the Properties were declared a life and safety hazard and the City of Oakland moved forward to demolish the properties.
5. On November 18, 2008, the City of Oakland approved the re-bidding of a construction contract in an amount not-to-exceed \$200,000 for the demolition of unsafe structures located at 2621, 2631, and 2633 Wallace Street (Resolution Number 81680 C.M.S.) The properties were demolished by Peak Engineering, Inc. in March of 2009.

## KEY ISSUES AND IMPACTS

Staff recommends authorization to enter into an Ownership Participation Agreement (OPA) with Mr. James G. Gong and Mrs. Ying S. Gong to provide a reimbursement grant not-to-exceed \$500,000 to assist the Gong's in undertaking slope stabilization of the properties adjacent to their properties. Upon receipt of Court approval to access the Wallace Street properties, the Gong's will have 18 months to complete the work. The 18 month timeframe may be extended an additional 6 months at the discretion of the Agency. The proposed term sheet for this OPA is included as *Attachment A* to this report. The stabilization of the slope will secure the health and safety of the properties abutting the Wallace Street properties (see *Attachment B*).

## SUSTAINABLE OPPORTUNITIES

**Economic:** Stabilization of the slope affecting 2621, 2631, and 2633 Wallace Street will help to stabilize further deterioration of the slope, prevent further decline to the properties, and improve the safety conditions of the adjacent properties.

**Environmental:** Stabilization of the failed slope will help to prevent further erosion of private property and the northern edge of Wallace Street.

**Social Equity:** The stabilization of the failed slope will also result in the lifting of the occupancy restrictions from three homes on E. 14<sup>th</sup> Avenue which were also affected by the 2001/2002 slide.

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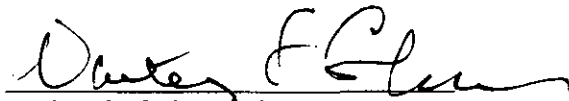
**DISABILITY AND SENIOR CITIZEN ACCESS**

There are no known direct impacts to seniors and people with disabilities.

**ACTION REQUESTED OF THE CITY COUNCIL / REDEVELOPMENT AGENCY**

Staff recommends authorization of the attached resolutions authorizing an Owner Participation Agreement with Mr. James G. Gong And Mrs. Ying S. Gong to provide a grant not to exceed \$500,000 to rehabilitate and stabilize the slope property located at 2621, 2631, and 2633 Wallace Street in the Central City East Redevelopment Project Area and returning \$500,000 of Central City East funds from the City of Oakland to the Agency for the purposes of the Ownership Participation Agreement with James G. Gong and Mrs. Ying S. Gong, property owners of 2646, 2662, and 2672 14<sup>th</sup> Avenue.

Respectfully submitted,



Walter S. Cohen, Director  
Community and Economic Development Agency

Reviewed by:  
Gregory Hunter, Deputy Director  
Economic Development and Redevelopment,

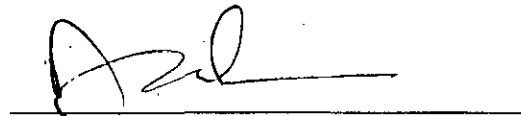
Larry Gallegos, Central City East Manager, Redevelopment  
Division

Prepared by:  
Theresa Navarro-Lopez Urban Economic Analyst IV,

ATTACHMENT A: Owner Participation Term Sheet

ATTACHMENT B: Map of Properties

APPROVED AND FORWARDED TO  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:

  
Office of the Agency Administrator

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**2621, 2631 and 2633 Wallace Street Improvements  
OWNER PARTICIPATION AGREEMENT  
TERM SHEET**

The owners of properties 2646, 2662, and 2672 14<sup>th</sup> Avenue, located directly below 2621, 2631, and 2633 Wallace Street in Oakland (together, the "Property") requested funding assistance from the Redevelopment Agency of the City of Oakland in order to make health and safety improvements to the three adjoining lots currently destabilized on the Property. The Central City East Project Area Committee (CCE PAC) authorized funding for the stabilization of the Property on Wallace Street on July 7, 2008. The City Council approved the use of \$800,000 for these improvements on September 16, 2008. \$300,000 has been expended for demolition, engineering studies, and testing. An amount of \$500,000 in funds remain available which will be issued to the owners in the form of a one to one matching reimbursement grant to fund their own stabilization efforts. The funding will be provided to the owners through a recorded Owner Participation Agreement ("OPA").

Parties

The parties to the OPA will be Mr. James G. Gong and Mrs. Ying S. Gong as owners of 2646, 2662 and 2672 14<sup>th</sup> Avenue, which are directly below the Property, and the Redevelopment Agency of the City of Oakland. Mr. and Mrs. Fong are jointly referred to as "Owners", and the Redevelopment Agency of the City of Oakland is referred to as the "Agency."

Property Description

Three vacant parcels located between 2621, 2631, and 2633 Wallace Street (APN 022-0354-036-00, APN 022-0354-037-00 and APN 022-0354-038-00). The Property is located within the Central City East ("CCE") Redevelopment Project Area.

Agency Funding Structure

Proposed funding for eligible improvements will be structured as a reimbursable grant distributed as a reimbursement and not to exceed \$500,000 (the "Grant").

Terms of the Grant

1. Maximum Grant Amount: \$500,000
2. Grant Structure: Grant will be awarded based on total cost of improvements; a 50% match is required from the Owner;
3. Payment: Grant will be issued to Owner as a reimbursement only; and after the completion of improvements as listed under "Responsibilities: Section 1" within this OPA Term sheet.

## Grant Disbursement

The Grant will be distributed in the form of reimbursements for work in place, once construction on each component or phase of the project is certified complete and the construction terms stated in the OPA have been met. Grant disbursement will be issued in the form of checks payable directly to the Owners.

## Responsibilities

The following additional terms will be incorporated into the OPA:

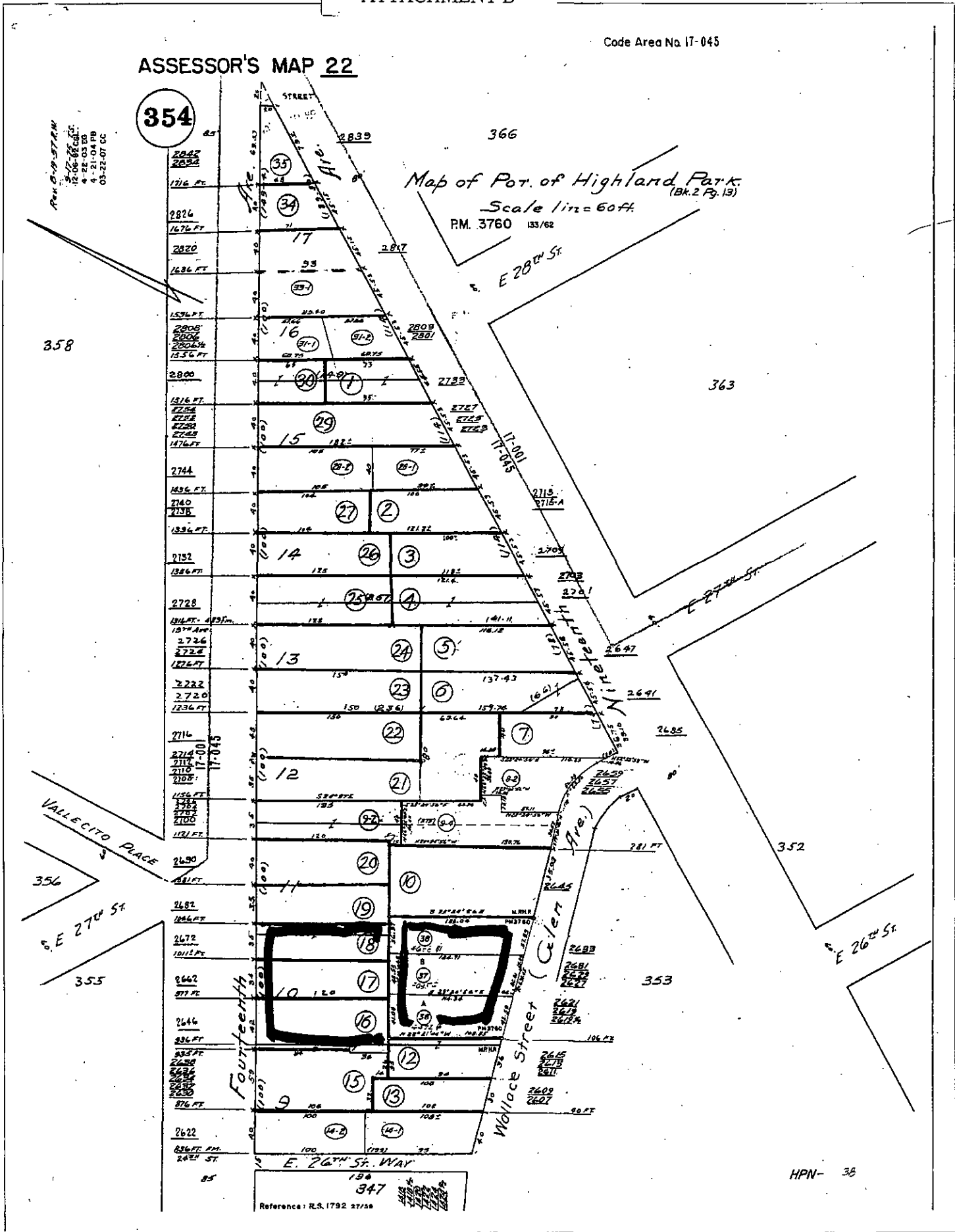
1. Responsibilities of Owners:
  - a. Obtain a Court Order approving the Right of Entry to the properties located at 2621, 2631, and 2633 Wallace Street in order to undertake the slope stabilization;
  - b. Submit proof of three bids by qualified contractors for the proposed work;
  - c. All contractors shall be able to document compliance with City/Agency's employment and contracting programs (including prevailing wage, Small/Local Business Enterprise, Local Employment, Apprenticeship, Living Wage, First Source, and Equal Benefits);
  - d. Submit and obtain all necessary building and permit approvals for the proposed slope stabilization to the "Properties;"
  - e. Stabilize the lots located on 2621, 2631, And 2633 Wallace Street to meet acceptable health and safety standards according to approved engineering standards;
  - f. Finalize all approvals with City of Oakland for slope stabilization; and
  - g. Present all invoices for work completed for reimbursement.
  - h. Upon receipt of Court approval to enter the Wallace Street properties, the Gong's will have 18 months to complete the work. The 18 month timeframe may be extended an additional 6 months at the discretion of the Agency.
2. Responsibilities of the Agency:
  - a. Due diligence and review of all proposed improvements and associated documentation.
  - b. Working cooperatively with Owner to help move the project forward in a timely manner.
3. Conditions Precedent to Obtaining Agency Authorization:
  - a. Submission by Owner and review by Agency of items in Section 1.a. above in addition to submission of the following:
    - i. Draft contract for construction of improvements, schedule, and phasing plan (if required).
    - ii. Contract compliance monitoring plan.
  - b. Completion and sign off of OPA staff report, scheduling for rules committee, CED and Agency Council meeting
    - i. Rules Committee Date: October 7, 2010
    - ii. CED Committee Date: October 26, 2010
    - iii. Agency Date: November 9, 2010

ASSESSOR'S MAP 22

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APR 21-07  
12-06-07  
4-22-03  
4-21-04  
03-22-07

Map of Port. of Highland Park  
Scale 1 in = 60 ft.  
RM. 3760 133/62



Reference: R.S. 1792 27/58

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APPROVED AS TO FORM AND  
LEGALITY

  
AGENCY COUNSEL

2010 OCT 14 PM 6:34

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**AN AGENCY RESOLUTION AMENDING RESOLUTION NO. 2008-0087 C.M.S. TO RESCIND A CONTRIBUTION OF CENTRAL CITY EAST REDEVELOPMENT FUNDS IN THE AMOUNT OF \$500,000 TO THE CITY OF OAKLAND UNDER THE COOPERATION AGREEMENT FOR ENGINEERING AND SLOPE STABILIZATION WORK AT 2621, 2631, AND 2633 WALLACE STREET; AND REALLOCATING SUCH FUNDS TO A GRANT TO THE ADJOINING PROPERTY OWNERS, JAMES G. GONG AND YING S. GONG, IN AN AMOUNT NOT TO EXCEED \$500,000 UNDER AN OWNER PARTICIPATION AGREEMENT TO PERFORM SUCH WORK**

**WHEREAS**, properties located at 2621, 2631, and 2633 Wallace Street are within the Central City East Redevelopment Project Area; and

**WHEREAS**, on February 8, 2002, the buildings at these properties were red-tagged by the City of Oakland, deemed unsafe, in substandard conditions, blighted and needed to be demolished due to a landslide resulting from the 2001/2002 winter storms; and

**WHEREAS**, on July 31, 2007, the City's geotechnical engineering consultant, Kleinfelder, Inc., recommended that the buildings on the three properties be demolished in order to stabilize the slide; and

**WHEREAS**, on September 16, 2008, the Agency and City Council approved a contribution of Redevelopment Agency funds of \$800,000 to the City of Oakland under the Cooperation Agreement (Resolution No. 2008-0087) to demolish the buildings and perform engineering and slope stabilization work on the properties; and

**WHEREAS**, in March of 2009 the three properties were demolished by the City's contractor; and

**WHEREAS**, the Agency and the City agree that the remaining \$500,000 budgeted for City engineering and slope stabilization work should instead be allocated as a grant under an Ownership Participation Agreement to the adjoining property owners, James G. Gong and Ying S. Gong, to do the work; and



**WHEREAS**, stabilizing the slopes on those properties will eliminate and prevent physically blighted conditions and address substandard conditions, and is therefore consistent with the goals of the Central City East Redevelopment Project; now, therefore be it

**RESOLVED**: That the Redevelopment Agency hereby amends Resolution No. 2008-0087 C.M.S. to rescind the contribution of the remaining \$500,000 to the City of Oakland budgeted for the engineering and slope stabilization work to 2621, 2631, and 2633 Wallace Street, and to accept the return of such funds from the City; and be it

**FURTHER RESOLVED**: That the Redevelopment Agency hereby authorizes a one-for-one matching grant of Agency funds in an amount not to exceed \$500,000 to the adjoining property owners, James G. Gong and Ying S. Gong, from Central City East Tax Allocation Bond Series 2006A – Taxable Bonds Fund (9543), and Wallace Street Project (S353110), and Program Number 0000; and be it

**FURTHER RESOLVED**: That the Agency Administrator or his designee is hereby authorized to negotiate and enter into an Owner Participation Agreement with the grantees for the grant and the work, and to take whatever actions are necessary with respect to this work and the contribution of Agency funds consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and CHAIRPERSON BRUNNER

NOES -

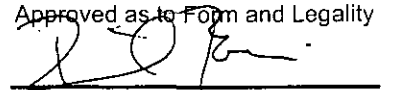
ABSENT -

ABSTENTION -

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
Secretary of the Redevelopment  
Agency of the City of Oakland

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OAKLAND

Approved as to Form and Legality

  
Deputy City Attorney

2010 OCT 14 PM 6:04 **OAKLAND CITY COUNCIL**

**RESOLUTION No. \_\_\_\_\_ C.M.S.**

**A RESOLUTION AMENDING RESOLUTION NUMBER 81550 C.M.S.  
TO RETURN A CONTRIBUTION OF REMAINING REDEVELOPMENT  
FUNDS IN THE AMOUNT OF \$500,000 FOR ENGINEERING AND  
SLOPE STABILIZATION OF PROPERTIES LOCATED AT 2621, 2631,  
AND 2633 WALLACE STREET**

**WHEREAS**, on September 16, 2008, the Agency and City Council approved the contribution by the Redevelopment Agency of Central City East redevelopment funds of \$800,000 to the City of Oakland under the Cooperation Agreement (Resolution No. 81550 C.M.S.) to fund the demolition of the structures, as well as engineering and slope stabilization work for the property; and

**WHEREAS**, on March 2009, the three properties were demolished by the City;  
and

**WHEREAS**, the Agency and the City agree that the remaining \$500,000 budgeted for City engineering and slope stabilization work should instead be allocated as a grant under an Ownership Participation Agreement to the adjoining property owners, James G. Gong and Ying S. Gong, to do the work; now, therefore, be it

**RESOLVED:** That the City Council hereby amends Resolution No. 81550 C.M.S. to return the contribution from the Redevelopment Agency in the amount of \$500,000 from Entity 1, Fund 7780, Organizational Numbers (92242 Engineering and Design Streets and Structures, 30264 Capital Projects, 30244 Sanitary Sewer Design, 30242 Streets and Structures 30235 Surveying, and Construction Management and Testing 30232) and Project Number P353210 budgeted for engineering and slope stabilization work at 2621, 2631, and 2633 Wallace Street.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 20\_\_\_\_

**PASSED BY THE FOLLOWING VOTE:**

AYES - BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES -

ABSENT -  
ABSTENTION -

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California