

FILED
OFFICE OF THE CITY CLERK
OAKLAND

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**
AGENDA REPORT

2008 DEC 26 AM 10:14

To: Office of the City/Agency Administrator
Attention: Deborah Edgerly
From: Community and Economic Development Agency
Date: January 8, 2008

Re: **An Agency Resolution Authorizing an Amendment to the Disposition and Development Agreement with Fourteenth Street Project, Inc., for the Proposed Development on 1158 14th Street and 1401 Adeline Street To (1) Substitute Bobbie and Arrece Jameson as Developer, (2) Increase the Number of Units from Four to Six, and (3) Modify the Requirement to Sell Units to First-Time Homebuyers.**

SUMMARY

This item is a request for Redevelopment Agency approval of a resolution authorizing an amendment to the Disposition and Development Agreement (DDA) with Fourteenth Street Project, Inc., for development of the vacant parcel at 1158 14th Street and 1401 Adeline Street in the Oak Center Redevelopment Project Area by Bobbie and Arrece Jameson. The development proposal by the current owners includes the construction of six single-family townhomes on the parcel. The proposed project was approved by the Planning Commission and requires an amendment to the DDA to increase the number of units and modify the first-time homebuyer restrictions. Staff recommends the adoption of this resolution. This project is located in Council District 3.

FISCAL IMPACTS

This project involves private development and does not require or request public funds. This project has no negative fiscal impact on the City of Oakland. The project will create positive fiscal impacts including increased property tax and business license tax for the City of Oakland's General Fund.

BACKGROUND

Site History

The subject property at 1158 14th Street and 1401 Adeline Street is a vacant parcel of land located at the northwest corner of the intersection of 14th and Adeline Streets in West Oakland. The property is in the Oak Center Redevelopment Project Area.

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In 1986, pursuant to Resolution No. 86-57 C.M.S., the subject property was sold by the Redevelopment Agency to Anese Way Development, Inc., for \$12,967.50. Under the terms of the Sales Contract, a new duplex and two single family houses were to be constructed within 11 months after the date of the Grant Deed. Each unit was to be sold at market rate to first-time homebuyers. The proposed development did not occur, which was in violation of the Sales Contract. In 1992 the property was conveyed to another party without the knowledge or consent of the Redevelopment Agency. The transfer was in violation of the Sales Contract since the Grant Deed prohibited any sale or other transfer of the property without Agency consent prior to completion of the residential improvements called for in the Sales Contract.

In 1993, the Agency began legal proceedings to take back possession of the property. The owner indicated that she was unaware of the restrictions on the property and asked to develop the lot in accordance with the Anese Way Sales Contract, Grant Deed, and the Oak Center Urban Renewal Plan. The owner partnered with developers and contractors to form Fourteenth Street Project, Inc. The new entity came up with a development proposal and, on July 25, 1995, the Agency executed a Disposition and Development Agreement (DDA) with Fourteenth Street Project, Inc. to develop four Victorian-style market rate houses for first-time homebuyers at 1158 14th Street and 1401 Adeline Street. Pursuant to Resolution No. 95-58 C.M.S., the DDA between the Agency and Fourteenth Street Project, Inc. includes the following terms and restrictions: 1) develop four single family homes, 2) restrict the initial sales of the four Project homes to first-time homebuyers, and 3) restrict the buyers from renting their homes for five years following the purchase. The proposed project was never constructed. The property was subsequently sold several times without the knowledge or consent of the Redevelopment Agency.

The financial feasibility of the project was always limited by the housing prices in West Oakland. After the recent increases in sales prices, new construction has become feasible and the site more desirable for development. In February 2005, Bobbie and Arrece Jameson purchased the land from Everest Developers, owners at the time of sale, at the cost of \$400,000 and developed a proposal to construct six single-family townhomes on the property. The Jamesons' proposal was approved by the Planning Commission on April 5, 2006. See Attachment A, Site Plan and Elevations. The Planning Commission decision was appealed by Ellen Parkinson, representing the Oak Center Neighborhood Association, on the grounds that the soil conditions at the site are not suitable for children and that the Association does not agree with the project design and density. On June 20, 2006, City Council denied the appeal and upheld the Planning Commission's decision to approve the project.

After obtaining planning approvals, the Jamesons discovered the existing DDA that was executed on the property in 1995. The Jamesons indicated that they were unaware of the restrictions on the property and have requested modifications to the DDA.

KEY ISSUES AND IMPACTS

Current owners, Bobbie and Arrece Jameson, have proposed a development which includes six single-family townhomes on the site. The current proposal exceeds the number of units allowed in the existing 1995 DDA by two units. Due to current market conditions, the Jamesons have requested the following modifications to the DDA:

1. Add two units, increasing the project from four to six units.
2. Continue to restrict the sale of two units to first-time homebuyers, but allow the units to be rented if they do not sell after marketing the units to first-time homebuyers for a period of at least twelve months total, and at least six months after receipt of the Certificate of Occupancy.
3. Continue to require that the remaining four units be sold to owner-occupants, but remove the requirement to sell to first-time homebuyers, and allow the units to be rented if they do not sell after marketing the units to buyers for a period of at least twelve months total, and at least three months after receipt of the Certificate of Occupancy.
4. Continue to restrict the buyers from renting their homes, but only for three years following the purchase.

The owners have requested the above modifications due to the difficulty they will have securing a loan if the sales are restricted on the majority of the units. According to the owners, it will take the proceeds of more than four of the units to repay the construction loan and the owners will have tremendous difficulty repaying their lender if the four units do not sell in a timely manner.

Due to trends in the employment market, the owners have requested that the no-rental restriction on buyers be reduced to three years. However, since homeownership is a high priority for this community and the Agency, staff recommends maintaining the five year no-rental restriction on buyers as originally contemplated and required in the DDA.

An alternative proposal discussed by Agency staff and the developer includes the following modifications to the DDA:

1. Allow the construction of two additional units without first-time homebuyer restrictions.
2. Allow sales of the four restricted units to non-first-time buyers after marketing the units to first-time homebuyers for a period of at least twelve months total, and at least three months after receipt of the Certificate of Occupancy.
3. Modify the conditions on the four restricted units to allow the units to be rented if they do not sell after marketing units for at least twelve months total, and at least six months after receipt of the Certificate of Occupancy.

The alternative proposal would not guarantee sufficient income for the owners to repay the construction loan in a timely manner. There is a risk that the project would not be financially feasible under this alternative scenario.

The subject property has been vacant for over 30 years and efforts to develop the site have been unsuccessful to date. The current development proposal provides six new residential dwelling units on a vacant and underutilized parcel in the Oak Center Redevelopment Project Area. The project also creates additional homeownership opportunities within the Project Area.

The current development team includes local, West Oakland-based, owners/developers Bobbie and Arrece Jameson and project manager Silvester McBride of McBride Construction Management & Consulting L.L.C. The Jamesons have rehabilitated five homes in West Oakland and an eighteen unit apartment building in San Francisco. This is their first project involving new construction. Project manager Silvester McBride specializes in construction management and consulting services for private investors and General Contractors. McBride Construction Management has completed ten projects in Oakland and throughout the East Bay, including single-family homes, townhomes, condominiums and re-models. Prior to starting his own company, Mr. McBride managed the construction of several other homes in the East Bay.

The current owners have shown the desire and the capability to develop the property for ownership housing as originally contemplated. The owners have invested a considerable amount of money into the site. Soil and seismic testing have been completed and clean-up of toxic contamination was completed in January 2007. Additionally, the owners have obtained all necessary planning approvals and building permits for the project, including subdividing the parcel to accommodate their proposed development.

The proposed development project is consistent with the Oak Center Redevelopment Plan (Oak Center Urban Renewal Plan) and Five-Year Implementation Plan. Both plans include the goals of eliminating blight in the Project Area, and developing any remaining vacant parcels in the Oak Center Redevelopment Project Area. Developing this vacant parcel will advance the goals of the Oak Center Redevelopment Plan before the Plan life terminates in 2012.

Although this project is consistent with the Redevelopment Plan and Five-Year Implementation Plan, the Oak Center Neighborhood Association (OCNA) has expressed concerns about the soil conditions at the site, the project design and density. The group appealed the Planning Commission's approval of this project in April 2006 and the appeal was subsequently denied by City Council in June 2006. Ms. Jameson presented a project update at the OCNA's October 2007 meeting and the group expressed similar concerns about the project.

PROJECT DESCRIPTION

Proposed Development

The current development proposal includes the construction of six 3-bedroom single-family townhomes. The townhomes are between two and three stories with a garage and private front and back yards. The property has been subdivided into six lots and one dwelling unit is proposed on each parcel. Four lots/units are oriented toward Adeline Street and two lots/units are oriented toward 14th Street. The proposed townhomes feature traditional design elements and massing that are consistent with the existing neighborhood.

DDA Amendment

Bobbie and Arrece Jameson wish to construct six single-family townhomes at 1158 14th Street and 1401 Adeline Street. Since their current development proposal exceeds the number of units allowed in the existing DDA, and due to current market conditions, the Jamesons have requested the following modifications to the DDA:

1. Add two units, increasing the project from four to six units.
2. Continue to restrict the sale of two units to first-time homebuyers, but allow the units to be rented if they do not sell after marketing the units to first-time homebuyers for a period of at least twelve months total, and at least six months after receipt of the Certificate of Occupancy.
3. Continue to require that the remaining four units be sold to owner-occupants, but remove the requirement to sell to first-time homebuyers, and allow the units to be rented if they do not sell after marketing the units to buyers for a period of at least twelve months total, and at least three months after receipt of the Certificate of Occupancy.

The DDA would also have to be modified to substitute Bobbie and Arrece Jameson as the new Project developer.

SUSTAINABLE OPPORTUNITIES

Economic:

The proposed project will increase homeownership opportunities in the Oak Center Redevelopment Project Area. The construction of six new homes will increase property tax and business license tax for the City of Oakland.

Environmental:

The proposed project will convert an underutilized parcel to a productive use. Infill housing will increase density in the urban core and promote a sustainable land use pattern.

Social Equity:

The proposed project will increase homeownership opportunities for Oakland residents. The project will create construction jobs.

DISABILITY AND SENIOR CITIZEN ACCESS

The project will be required to comply with City, State, and Federal ADA requirements.

RECOMMENDATION AND RATIONALE

Staff recommends Agency approval of a resolution authorizing the requested amendment to the Disposition and Development Agreement (DDA) with Fourteenth Street Project, Inc., for the development of the vacant parcel at 1158 14th Street and 1401 Adeline Street by current owners Bobbie and Arrece Jameson.

The subject property has been a blight on the neighborhood for over 30 years and the current owners are prepared to develop the site. Approving this DDA Amendment would allow the developers to begin construction on the project immediately. The developers have obtained all necessary planning approvals and building permits and are prepared to move forward with construction.

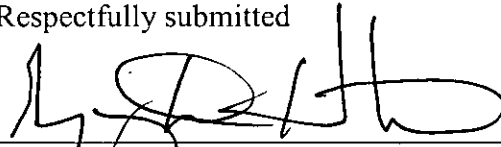
Approval of this DDA Amendment will achieve the following goals: 1) the project will develop of a long vacant and underutilized lot located at a prominent intersection that is served by utilities, 2) the project, once completed, will enhance depreciated and stagnant residential and commercial property values in the Oak Center Project Area, due to the positive design and ownership qualities of the project, 3) the project will provide needed homeownership opportunities in the Project Area; and 4) the project will encourage efforts to alleviate blight conditions in the surrounding area, by increasing property values and enhancing the overall economic viability of the neighborhood.

The proposed development project is consistent with the Oak Center Redevelopment Plan (Oak Center Urban Renewal Plan) and Five-Year Implementation Plan. Both plans include the goals of eliminating blight in the Project Area, and developing any remaining vacant parcels in the Oak Center Redevelopment Project Area. The development of this parcel will advance the goals of the Oak Center Redevelopment Plan before the Plan life terminates in 2012.

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

It is requested that the attached resolution be approved authorizing an amendment to the Disposition and Development Agreement (DDA) with Fourteenth Street Project, Inc., for the proposed development on 1158 14th Street and 1401 Adeline Street by Bobbie and Arrece Jameson to (1) substitute Bobbie and Arrece Jameson as Project developer, (2) increase the number of units from four to six, and (3) modify the requirement to sell units to first-time homebuyers.


Respectfully submitted



Gregory Hunter, Deputy Director
Economic Development and Redevelopment
Community and Economic Development Agency

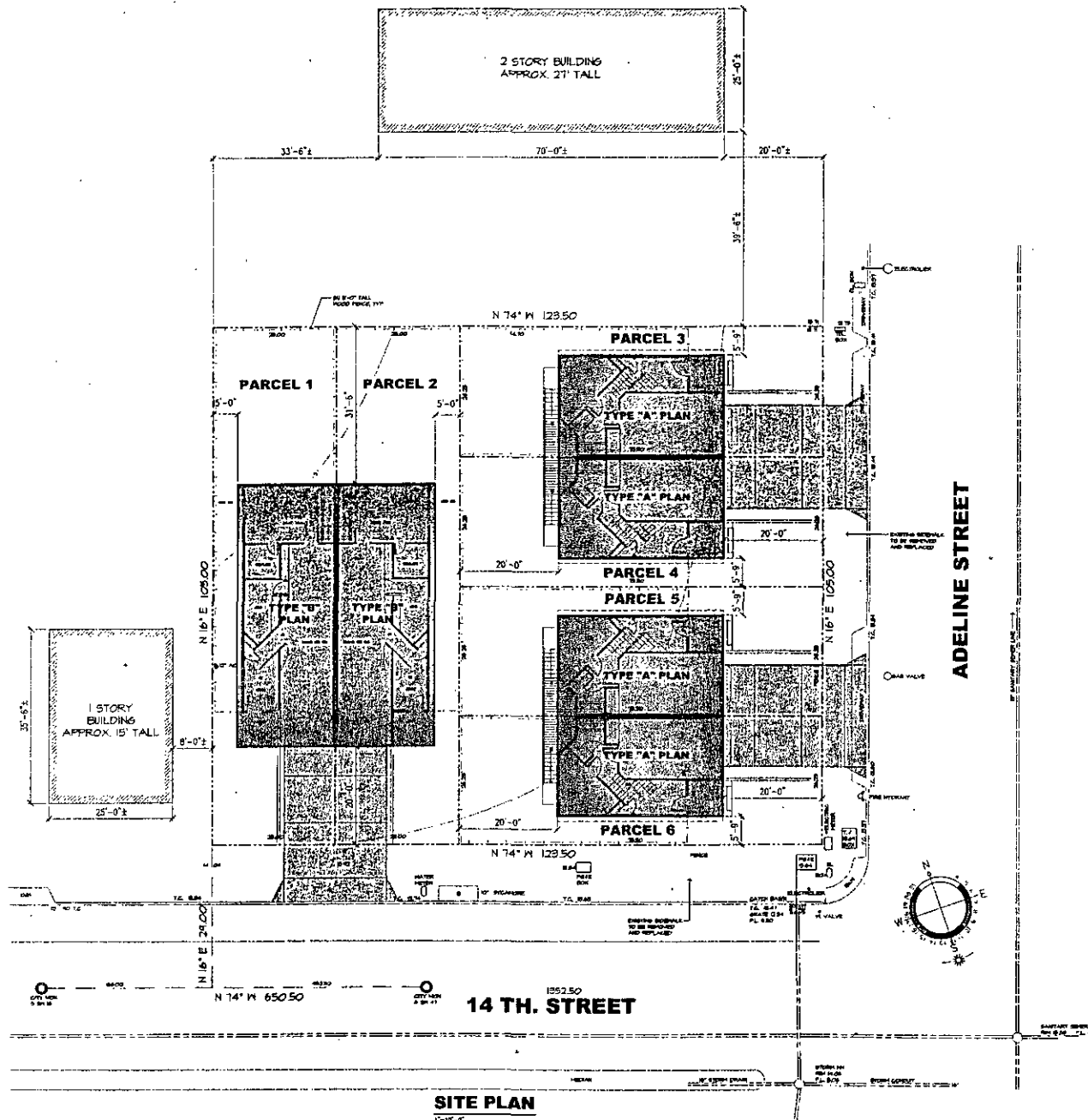
Prepared by:
Christine Lebron
Urban Economic Analyst I

APPROVED AND FORWARDED
TO THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE


Office of the City/Agency Administrator

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January 8, 2008

ATTACHMENT A SITE PLAN AND ELEVATIONS



Carusa Engineers, Inc.
Structural Engineers
1423 Clay Street
Oakland
California 94612
916 444 8211 (fax)
916 444 8711 (tel.)
www.carusa.com
Email: info@carusa.com
A California Corporation



SIX NEW BUILDINGS
AT THE CORNER OF 14TH STREET AND
ADELINE STREET
OAKLAND, CA

CLIENT
MIKE McQUEE
1084 CREME MYRTLE
DRIVE
HERCULES, CA 94547
810.409.8072

SITE PLAN

NO.	DATE	DESCRIPTION	BY	CHK'D
1	JUL 21, 2006	SHEET		
SCALE		AS SHOWN		
DRAWN BY		PC DE, HE		
PROJECT NO.		020101		
JOB NO.		020101		
SHEET NO.		28		

A0.2



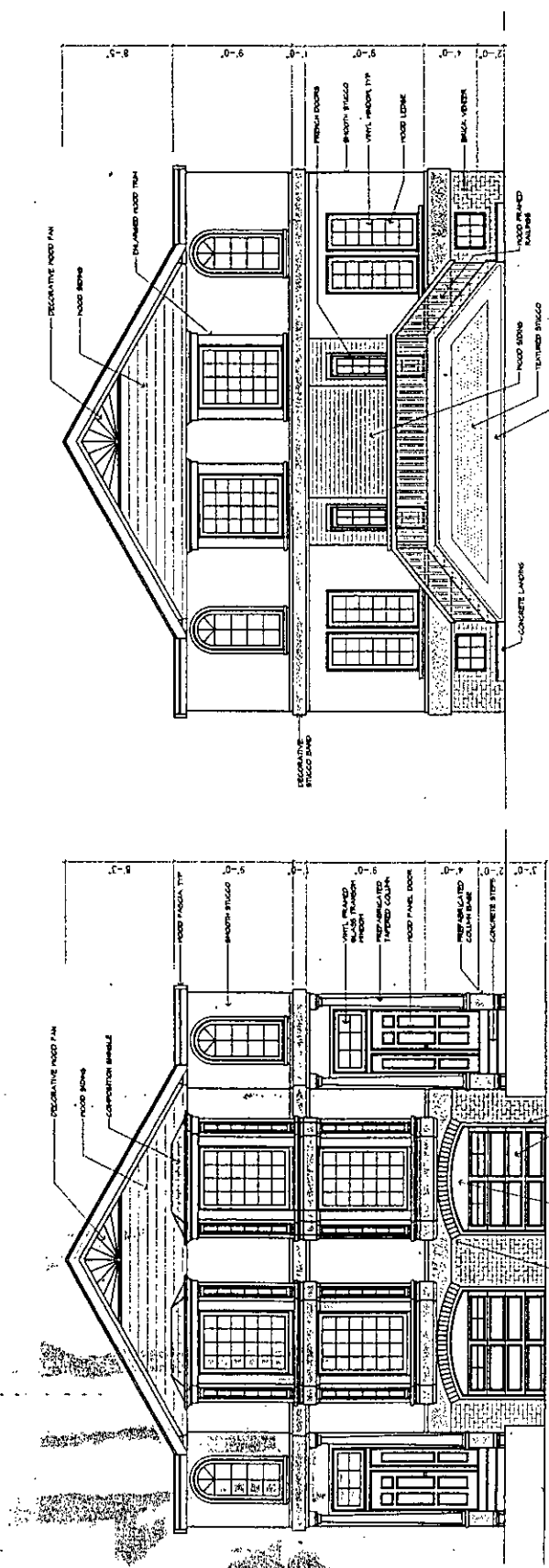
SIX NEW BUILDINGS
 AT THE CORNER OF 14TH STREET AND
 OAKLAND, CA

CLIENT
 MIKE McCREHE
 1054 CREPE MYRTLE
 HERCULES, CA 94547
 510-488-8072

ELEVATIONS
 - TYPE "A"

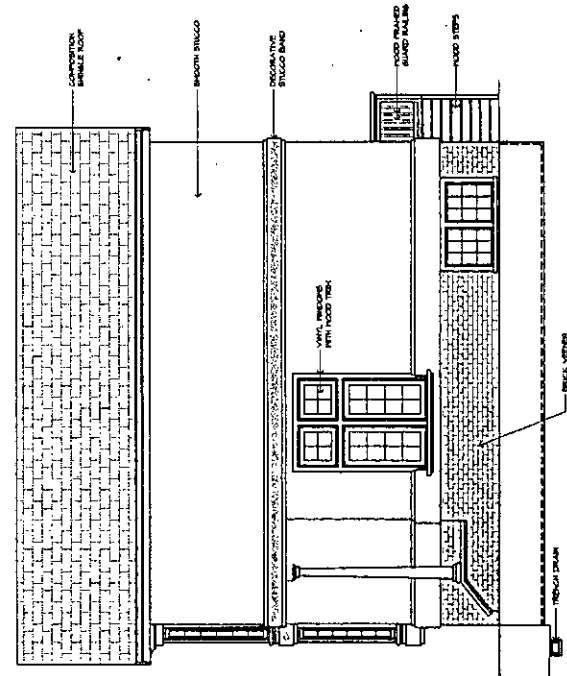
NO.	DATE	BY	CHK'D BY	REVISED
1	01/12/09	MM	MM	
2	01/15/09	MM	MM	
3	01/20/09	MM	MM	
4	01/22/09	MM	MM	
5	01/27/09	MM	MM	
6	01/29/09	MM	MM	
7	02/02/09	MM	MM	
8	02/03/09	MM	MM	
9	02/03/09	MM	MM	
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13	02/03/09	MM	MM	
14	02/03/09	MM	MM	
15	02/03/09	MM	MM	
16	02/03/09	MM	MM	
17	02/03/09	MM	MM	
18	02/03/09	MM	MM	
19	02/03/09	MM	MM	
20	02/03/09	MM	MM	

A3.0



FRON ELEVATION - TYPE "A"
 1/4" = 1'-0"

BACK ELEVATION - TYPE "A"
 1/4" = 1'-0"

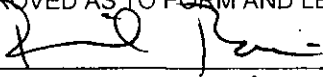


SIDE ELEVATION - TYPE "A"
 1/4" = 1'-0"

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OFFICE OF THE CITY CLERK
OAKLAND

2007 DEC 26 AM 10:14

APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

AN AGENCY RESOLUTION AUTHORIZING AN AMENDMENT TO THE DISPOSITION AND DEVELOPMENT AGREEMENT WITH FOURTEENTH STREET PROJECT, INC., FOR THE PROPOSED DEVELOPMENT ON 1158 14TH STREET AND 1401 ADELINE STREET TO (1) SUBSTITUTE BOBBIE AND ARRECE JAMESON AS DEVELOPER, (2) INCREASE THE NUMBER OF UNITS FROM FOUR TO SIX, AND (3) MODIFY THE REQUIREMENT TO SELL THE UNITS TO FIRST-TIME HOMEBUYERS

WHEREAS, on July 25, 1995, the Redevelopment Agency executed a Disposition and Development Agreement ("DDA") with Fourteenth Street Project, Inc. to develop four Victorian-style market rate houses for first-time homebuyers at 1158 14th Street and 1401 Adeline Street; and

WHEREAS, the property is located in the Oak Center Redevelopment Project Area and is subject to the Oak Center Redevelopment Plan (also known as the Oak Center Urban Renewal Plan); and

WHEREAS, Fourteenth Street Project, Inc. and its successors failed to perform their obligations under the existing DDA; and

WHEREAS, current property owners Bobbie and Arrece Jameson have proposed a development that includes the construction of six townhomes; and

WHEREAS, the owners have shown the desire and the capability to develop the property for ownership housing as originally contemplated; and

WHEREAS, Bobbie and Arrece Jameson have requested modifications to the DDA to reflect their current development proposal; and

WHEREAS, the project is in conformity with the Oak Center Redevelopment Plan, the project will assist in the elimination of blight in the Oak Center Redevelopment Area, and the project will help meet the objectives of the Oak Center Redevelopment Plan;); now therefore, be it

RESOLVED: That the Agency hereby authorizes an amendment to the Disposition and Development Agreement with Fourteenth Street Project, Inc. for development of 1158 14th Street and 1401 Adeline Street to (1) substitute Bobbie and Arrece Jameson as developer, (2) add two units, increasing the project from four to six units, (3) continue to restrict the sale of two units to first-time homebuyers, but allow those units to be rented if they do not sell after marketing the units to first-time homebuyers for a period of at least twelve months total, and at least six months after receipt of the Certificate of Occupancy for those units, (4) continue to require that the remaining four units be sold to owner-occupants, *but remove the requirement to sell those units to first-time homebuyers*, and allow those units to be rented if they do not sell after marketing the units to homebuyers for a period of at least twelve months total, and at least three months after receipt of the Certificate of Occupancy for those units; and be it further

RESOLVED: That the Agency finds and determines that the project as modified is in conformance with the Oak Center Redevelopment Plan, and that the Project will further the purposes and objectives of the Plan; and be it further

RESOLVED: That the Agency finds and determines that the project as modified will assist in the elimination of physical and economic blight in the Oak Center Redevelopment Area, as defined by the California Community Redevelopment Law, in the following respects: (1) the project will result in the development of a vacant and underutilized lot in an area developed for urban use and served by utilities; (2) the project, once developed, will enhance depreciated and stagnant residential and commercial property values in the area, due to the positive design and ownership qualities of the project; (3) the project will provide needed homeownership opportunities in the Project Area; and (4) the project will encourage efforts to alleviate blight conditions in the surrounding area, by increasing property values and enhancing the overall economic viability of the neighborhood; and be it further

RESOLVED: That all documents entered into by the Agency with respect to this amendment shall be approved as to form and legality by Agency Counsel; and be it further

RESOLVED: That the Agency authorizes the Agency Administrator or her designee to negotiate and enter into agreements and take any actions with respect to this amendment and the project consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

AYES- BROOKS, BRUNNER, CHANG, KERNIGHAN, NADEL, QUAN, REID,
AND CHAIRPERSON DE LA FUENTE

NOES-

EXCUSED-

ABSTENTION-

ABSENT-

ATTEST: _____
LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland