



Staff Report

DISCUSSION AND DIRECTION ON EMMETT HOUSE

Honorable Chair and Board Members:

Summary

On March 8, 2005, the RDA Board directed staff to reduce the Emmett House project from three units to two and report on the potential for developing them as for-sale units, instead of rentals. This memo is a progress report on the project, including confirmation by the Board on the issue of for-sale versus rental. No public hearing is required, but surrounding property owners have been notified of this item on RDA's agenda.

Background

Since June 2004, the Board has developed a project definition for relocating, refurbishing and operating the Emmett House that appears to be near completion. In the intervening months, the Board addressed a number of issues, including alternative locations for the Emmett House, removing the affordability restriction from the Sixth and O'Neill property, the consequences of maintaining excess surplus in the LMI fund and specific design and operational characteristics of the proposed relocation.

At the March 8, 2005 meeting, staff was directed to revise the project by reducing the number of dwelling units in the building from three to two, and report on the potential for developing the project as a for-sale (condominium) rather than as rental apartments. In response to this direction, staff has undertaken the following actions:

1. Discussion with Mid-Peninsula Housing Corporation. With the reduction of the number of units from three to two, Mid-Pen Housing notified the City that it was no longer interested in the project. We will have to find another developer and are preparing a new Request for Proposal on the project.
2. Convert the first floor plan from two one-bedroom units to one two-bedroom unit. We have received a preliminary first floor plan from Garavaglia Architecture that provides a single unit. Combined with the previous revision, the project is now a two-unit building.
3. Prepare a landscape plan. The landscape plan has been deferred until the Detailed Development Permit phase of the project.

4. Initiate zoning approvals for the project. Staff has contracted with CSG Consulting to process a zone change, including Conceptual and Detail Development Plans, right-of-way vacation and environmental clearances. An application for the Conceptual Development Plan has been filed, and the right-of-way vacation is being prepared with Public Works.

Discussion

The primary question at this time is whether to develop the Emmett House as rental or as for-sale units. Considering that the project must be available to households having incomes at the moderate level or lower, the estimated rents and sale prices are as follows:

	<u>Rent</u>	<u>Sale Price</u>
Maximum for Household of Four ¹	\$2,375 / mo.	\$428,000

While either option – rental or sale – will provide affordable housing in a constrained market, it appears that the RDA will recapture over \$800,000 of the cost of the project immediately upon sale, versus receiving a long-term income stream provided by rentals. In addition, the RDA would not have to work with a separate apartment management agency on issues of maintenance and upkeep, but could work directly with the owner-occupants.

Based on the direction of the Board, staff will prepare an RFP and list of candidate developers for Board review. In addition, if the Board directs that the units be developed for sale, a parcel map and draft Conditions, Covenants and Restrictions (C, C & R's) will be prepared and submitted with the Detailed Development Plan application.

Fiscal Impact

None at this time. The Board previously allocated \$1,020,000 for the project, based on the architect's preliminary May 2003 estimate.

Public Contact

In addition to posting of RDA agenda, a post card regarding this meeting item was mailed to owners of properties located within 300 feet of the 'receiving' site at Sixth and O'Neill Avenues.

¹ Note that the RDA could rent or sell the units for less than these amounts, depending on the housing objectives the Board seeks to fulfill.

Recommendation

Staff recommends that the Board provide direction regarding the development of the project as either for-sale or rental apartments.

Alternatives

1. Provide alternative direction
2. Abandon the relocation / refurbishment of the Emmett House at Sixth and O’Neill Avenues, and direct staff to identify other options for the Emmett House structure and Sixth and O’Neill site.

Respectfully submitted,

Craig A. Ewing, AICP
Planning and Community Development Director

Jack R. Crist
Interim Executive Director