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Signature puts its stamp on Oakland

Residential builder has faith in city's housing potential

by **Steve Ginsburg**

Once mainly a builder of upscale homes in the Bay Area's suburban sprawl, Signature Properties has plunged into the urban in-fill market and quickly become Oakland's most ambitious residential developer.

With six different Oakland projects in various stages of development and the possibility of a seventh, Pleasanton-based Signature could produce well over 3,000 new homes and at least 170,000 square feet of retail space in the next decade.

"In Oakland we saw a place where we could offer housing and satisfy the many people who want to stay here and who want to move here," said Mike Ghielmetti, Signature's president. "Where do our cops and teachers live? Oakland provides a great opportunity for first-time home buyers, but it is also a market for homes priced in excess of \$500,000."

Signature has already built and is selling two projects and has two others under construction. Another three are in the planning stages, most notably the creation of a new community on 60 acres of Port of Oakland land in the Oak to 9th Street corridor.

And, Ghielmetti earlier this month confirmed that he has contacted the city about developing the City Center T10 site. Camden USA recently abandoned plans for a residential tower there under community pressure and concerns over falling rent prices.

But Signature appears fully committed to Oakland's future and seems to have the patience and deep enough pockets to see projects through.

Private push

Signature's faith in Oakland is partially buoyed by the changes made during the Jerry Brown years. Oakland was underbuilt residentially and needed private investment, Ghielmetti said. With its underdeveloped waterfront and interior locations offering

hillside views, there was potential for a builder to step up. Ghielmetti has spent the last three years finding sites, buying them, then nursing them through the approval process.

"We heard from people in the business community asking, 'Where can my employees live?' There is opportunity here for us, and fewer opportunities in the suburbs where the transit corridor is stressed."

Much of what Signature is building are condos selling from \$250,000 to \$500,000, geared to singles and small families. The private company is also working in other East Bay communities, including Richmond and San Pablo, building homes and mixed-use developments.

Mixing it up

Signature is building both small and large projects, in blighted as well as in better neighborhoods. It has taken partners on some projects and built on its own elsewhere. Most of the work has been done outside of redevelopment zones and without city subsidies.

Signature's first Oakland project was at Durant Square in downtrodden East Oakland, where it has built 168 townhomes, 43 detached homes and 56 loft rentals in a former auto assembly plant. The project sold briskly when it opened in 2002 and just eight models were left on the market in early November. A Food For Less supermarket will move into the site by Christmas to anchor the retail component.

The project faced opposition in the late 1990s when it was being planned, but today gets kudos from former opponents and the city's body politic. And, Signature's deep pockets and its reputation have brought other investors into Oakland.

"Durant Square has been a great project. The more than 200 homes there have changed a blighted, difficult-to-build-in market. It has changed Oakland's border with San Leandro," said Councilman Ignacio de la Fuente. "The payback has been an infusion of investment by others in that area and we hope to be able to build market-rate housing on an old auto dealership that sits on a huge parcel nearby."

Durant Square was followed by Landmark Place downtown, and two projects called The Estuary and Harbor Walk, on the south side of 880 between 29th and Fruitvale avenues. Landmark Place is built, with half its 92 condominiums sold just two months after going on the market. Sixty percent of buyers are workers who have an easy walk to the Federal Building and City Center. Prices range from \$271,000 for a 576-square-foot, one-bedroom condo to \$355,000 for a 974-square-foot, two-bedroom unit.

The Estuary will feature larger units, from 1,600 to 2,200 square feet and will be priced in the \$300,000 to \$500,000 range, making it Signature's most upscale Oakland project to date. The 100 condos are nearing completion and will go on sale this spring.

A block away, Signature is building Harbor Walk, 81 units priced under \$400,000 for each unit. Sales will start late in 2004.

Biggest yet to come

The biggest projects are upcoming and will challenge Signature's ability to navigate Oakland's approval process. At West Grand and Broadway, Ghielmetti has submitted documents to build a 500-unit community on a six-acre parcel that has been the Negherbon auto dealership. The project would include 35,000 square feet of retail, and its goal would be "to create a neighborhood." Construction is at least a year to 18 months off. It would build townhomes in the \$300,000 to \$500,000 range and would compete with Forest City's Uptown project, which is five blocks away and also nearing approvals.

As master developer of the massive Oak to 9th new neighborhood, Signature has the chance to create the city's most upscale and lively waterfront neighborhood after winning a competition against major national powerhouses, including Shorenstein.

Signature's plan was originally to build between 1,500 and 2,000 units on the 60-acre site, but the company has recently boosted those numbers to between 2,000 and 3,000 units of for-sale townhomes and condominiums.

"It will take four to five years to break ground and after that another five years to build," Ghielmetti said. "It's on isolated land that has become obsolete to the port, but could become a new waterfront district for Oakland."

Signature and its partner on this project, Reynolds & Brown of Concord, will submit their plan to the city by Dec. 31. The project includes 100,000 square feet of retail, with a new marina and waterfront park. Ghielmetti envisions Oak to 9th having elements of Vancouver's Concord Pacific development, Portland's Pearl District and San Francisco's South Beach. All these areas are lively waterfront residential districts, something that Oakland lacks.

That could change, if Signature can survive the approval process, which includes city, regional and state agencies in addition to the port.

"We have a whole bunch of approvals to get, and it's one of the most complicated projects in the Bay Area," Ghielmetti said.

Steve Ginsberg is a frequent contributor to the San Francisco Business Times.