

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

FILED
OFFICE OF THE CITY CLERK
OAKLAND
2008 JUN 12 PM 6:05

TO: Office of the Agency Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: June 24, 2008

**RE: An Agency Resolution Authorizing The Purchase Of Real Property At
5859 Foothill Boulevard, From Community Fund, LLC For \$480,000
Less the Cost Of Environmental Site Remediation and Authorizing
Up to \$50,000 for Costs For Demolition And Real Estate Closing**

SUMMARY

Approval by the Oakland Redevelopment Agency (the "Agency") is requested to purchase the Property located at 5859 Foothill Boulevard, Oakland (Assessor Parcel Number # 038-3182-001-00), (the "Property"), from Community Fund, LLC through a negotiated sales agreement. The subject property, identified in Exhibit "A" is located in the Central City East Redevelopment Project Area, in City Council District 6. The Agency issued and received Central City East Series 2006A Taxable Bonds for the acquisition of underutilized and blighted Property in the Central City East ("CCE") area. The purchase will facilitate the improvement and future development of this location. Staff recommends that the Oakland Redevelopment Agency adopt the resolution to authorize the acquisition of the subject property. This item will be considered for recommendation by the Project Area Committee (PAC) at its July, 2008 meeting. If the PAC does not recommend the purchase, this item must return to the Agency for approval before the acquisition may proceed.

FISCAL IMPACT

Community and Economic Development Agency staff propose the following Agency funding sources for this acquisition: up to \$480,000 plus an additional \$50,000 for customary real estate closing and demolition costs will be allocated from Central City East Tax Allocation Bond Series 2006A-T (Taxable) Bonds Fund (9543), Central City East Organization (88699), CCE Land Acquisition Project (S233351).

BACKGROUND

The acquisition of the subject property is an opportunity purchase. The Property, located at an important commercial intersection, consists of a single level corner parcel of 2,651 square feet, improved with a 3,637 square feet residential/retail building with frontage on

Item: _____
Finance and Management Committee
June 24, 2008

Seminary Avenue. The Redevelopment Agency was contacted by the owner for possible acquisition and through a negotiation process, an option purchase agreement was negotiated to acquire the property at the appraised price of \$480,000 less any site remediation costs.

KEY ISSUES AND IMPACTS

The Property is located in East Oakland on the corner of Seminary Avenue and Foothill Boulevard. The immediate objectives of the acquisition are to: 1) acquire parcels at a critical commercial corner that needs improvement by new development and hold it for future planned redevelopment, and 2) work with the adjacent property owners on a redevelopment project strategic acquisition. In the long run, control of the Property is important to redevelopment efforts in the Central City East Redevelopment Project Area. All off-site improvements and public utilities are available at the location.

The Property was appraised and a Fair Market Value offer to purchase was made to the property owner. The property owner has agreed to enter into a sale and purchase agreement to sell the Property to the Agency for a total of \$480,000 less cost of any site remediation, plus closing costs, which are estimated at approximately \$20,000. Staff is to complete its Phase I environmental investigation on the property prior to closing of escrow. If the Agency approves the Resolution, after the completion of environmental investigation, the acquisition is expected to commence immediately and shall be completed by the end of July 2008. The Agency plans to demolish the blighted structure soon thereafter. The estimated demolition costs are \$30,000. The acquisition of the Property presents a unique opportunity to gain site control for the implementation of the Central City East Redevelopment Plan to reuse underutilized and blighted building sites and revitalize the surrounding community.

PROJECT DESCRIPTION

The Property is located in the Foothill Boulevard/Seminary Avenue commercial area, which has been targeted for community and economic development revitalization. The Property consists of a single corner parcel encompassing a total of 2,651 square feet lot improved with a 3,637 square feet residential/retail building with frontage on Seminary Avenue. The topography is level and the frontage is improved with sidewalks, curbs, gutters, and storm drain. The Property is zoned C-30 District Thoroughfare Commercial Zone. The zoning allows for a wide range of retail uses that are typically found along a major thoroughfare. The highest and best use for the Property at this time would be for a retail development project or a mixed use project with a residential component on the site. The maximum Floor Area Ratio (FAR) is 4.0.

SUSTAINABLE OPPORTUNITIES

Economic: In its present condition the subject Property makes minimum economic contribution to the area. The vacant commercial building provides a location for illegal

Item: _____

Finance and Management Committee

June 24, 2008

dumping and other blight related problems. Future projects at this location, such as mixed-use housing will improve neighborhood conditions and increase tax increments. Such projects will make the area more attractive to current and prospective residents, as well as businesses that can provide employment in the City of Oakland.

Environmental: The acquisition of the subject Property and future development at this location is expected to create an attractive addition to the community, stimulating neighborhood infill development. The contractors of all future infill projects will be required to make every effort to reuse clean fill materials and recyclable concrete and asphalt products.

Social Equity: The proposed acquisition and potential development will provide further positive stimulus to the local neighborhoods. This future development will be a welcomed contribution to the continued safety, growth, and stability of the neighborhood.

DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact on access for senior citizens or the disabled.

RECOMMENDATION AND RATIONALE

Staff recommends that the Agency adopt the resolution authorizing the purchase of real property at 5859 Foothill Boulevard, from Community Fund, LLC for \$480,000 less all costs of environmental site remediation and authorizing up to \$50,000 for costs for demolition and real estate closing. Approving the Agency Resolution will further the objective of the Central City East Redevelopment Plan to implement the process of improving the district with positive economic stimulus, thereby creating better communities for residents. Acquisition of the Property is conditioned upon a recommendation to purchase from the PAC. If the PAC does not recommend the purchase, this item must return to the Agency for approval before the acquisition.

Item: _____

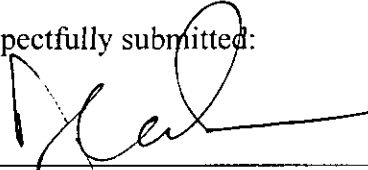
Finance and Management Committee

June 24, 2008

ACTION REQUESTED OF CITY COUNCIL

Council is requested to adopt the Resolution authorizing the purchase of real property at 5859 Foothill Boulevard, from Community Fund, LLC for \$480,000 less the cost of environmental site remediation and authorizing up to \$50,000 for costs for demolition and real estate closing

Respectfully submitted:



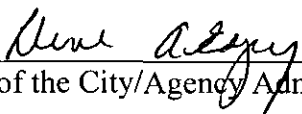
Dan Lindheim
Director
Community and Economic Development Agency

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

Reviewed by: Frank Fanelli, Manager
Real Estate Services Division

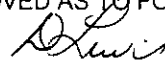
Prepared by: Hamid Ghaemmaghami
Real Estate Agent
Real Estate Services Division

APPROVED FOR FORWARDING TO
FINANCE AND MANAGEMENT COMMITTEE:


Office of the City/Agency Administrator

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 JUN 12 PM 6:08 APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 5859 FOOTHILL BOULEVARD, FROM COMMUNITY FUND LLC FOR \$480,000 LESS THE COST OF ENVIRONMENTAL SITE REMEDICATION AND AUTHORIZING UP TO \$50,000 FOR COSTS FOR DEMOLITION AND REAL ESTATE CLOSING

WHEREAS, the Central City East Redevelopment Plan adopted by the City Council on July 29, 2003, includes alleviation of general blight and unsafe conditions as a goal for the Central City East area; and

WHEREAS, the Redevelopment Agency of the City of Oakland (the "Agency") is implementing projects in the Central City East Redevelopment Project Area as part of the Redevelopment Plan to improve the Redevelopment Area; and

WHEREAS, Section 33391 of the California Community Redevelopment Law (Health & Safety Code Sections 33000, et seq.) authorizes a redevelopment agency to purchase real property in a project area for purposes of redevelopment; and

WHEREAS, real property located at 5859 Foothill Boulevard, illustrated in Exhibit A attached hereto (APN 038-3182-001-00) (the "Property") is within the Central City East Redevelopment Project Area in Oakland; and

WHEREAS, the Property consists of a 2,651 square feet level lot on a corner parcel, improved with a 3,637 square feet residential/retail building which is currently blighted and underutilized; and

WHEREAS, the Agency desires to acquire the Property to hold for future development, to rid the property of blight, and to redevelop the property in the future; and

WHEREAS, Community Fund, LLC, the owner of the Property, offered to sell the Property to the Agency at the fair market value of \$480,000 minus the cost of site remediation,

to assist the Agency in its redevelopment efforts in the Central City East Redevelopment Project Area; and

WHEREAS, the sale by the Owner was not induced, the sale price is at fair market value as established by an appraisal, and no federal funds will be used for acquisition of the Property; and

WHEREAS, the Property has been appraised, a Phase I environmental investigation is being completed, the Agency has agreed to enter into a purchase and sale agreement with the owner of the property, to acquire the property rights for \$480,000 less all costs for environmental site remediation; and

WHEREAS, the estimated cost of demolition plus real estate closing costs are \$50,000; and

WHEREAS, the Agency issued and received Series 2006-T bonds for the Central City East and Coliseum Redevelopment Project Areas to be used for, among other things, the acquisition of vacant, blighted, obsolete and/or underutilized properties; and

WHEREAS, the funding for the acquisition of the Property is available from Central City East Tax Allocation Bond Series 2006A-T (Taxable) Bonds Fund (9543), Central City East Organization (88699), Central City East Land Acquisition Project (S233351); and

WHEREAS, the Central City East Redevelopment Project Area Committee has not yet considered the acquisition nor made a recommendation to the Agency regarding acquisition of the Property; and

WHEREAS, the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now, therefore, be it

RESOLVED: That the Agency hereby authorizes the Agency Administrator to negotiate and execute a Purchase and Sale Agreement for the purchase of Property located at 5859 Foothill Boulevard for an amount not exceed \$480,000, less environmental site remediation costs and authorizes \$50,000 for costs of demolition and real estate closing, and be it

FURTHER RESOLVED: That this authorization to negotiate and execute a Purchase and Sale Agreement is conditioned upon the affirmative recommendation of the Project Area Committee ("PAC"), and should the PAC recommend against the acquisition of the Property with Redevelopment funds, the acquisition may not proceed without re-consideration and approval by the Agency; and be it

FURTHER RESOLVED: That the Agency hereby finds and determines as follows:

1. That the funding of the acquisition of the 5859 Foothill Boulevard from redevelopment funds will benefit the Central City East Redevelopment Project Area

by creating future development opportunities to better serve area residents and businesses and improve physical conditions in the Central City East Redevelopment Project Area;

2. That the use of tax increment funds from the Central City East Redevelopment Project Area for the purchase is consistent with the implementation plan adopted for the Central City East Project Area and will assist in the elimination of blight in the Project Area by redeveloping an underutilized parcel; and be it

FURTHER RESOLVED: That funds will be allocated from Central City East Tax Allocation Bond Series 2006A-T (Taxable) Bonds Fund (9543), Central City East Organization (88699), Central City East Land Acquisition Project (S233351); and be it

FURTHER RESOLVED: That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines that this action complies with CEQA because this action on the part of the Agency is exempt from CEQA under Section 15183 (projects consistent with a General Plan), of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption and an Environmental Declaration (California Fish and Game Code section 711.4) with the County of Alameda; and be it

FURTHER RESOLVED: That the Agency Administrator or her designee is hereby authorized to take whatever other action is necessary with respect to the Agency funding of the acquisition, consistent with this Resolution and its basic purposes; and be it further

FURTHER RESOLVED: That Agency Counsel shall review and approve all documents and agreements as to form and legality, and a copy shall be placed on file with the City Clerk.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2008

PASSED BY THE FOLLOWING VOTE:

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

NOES-

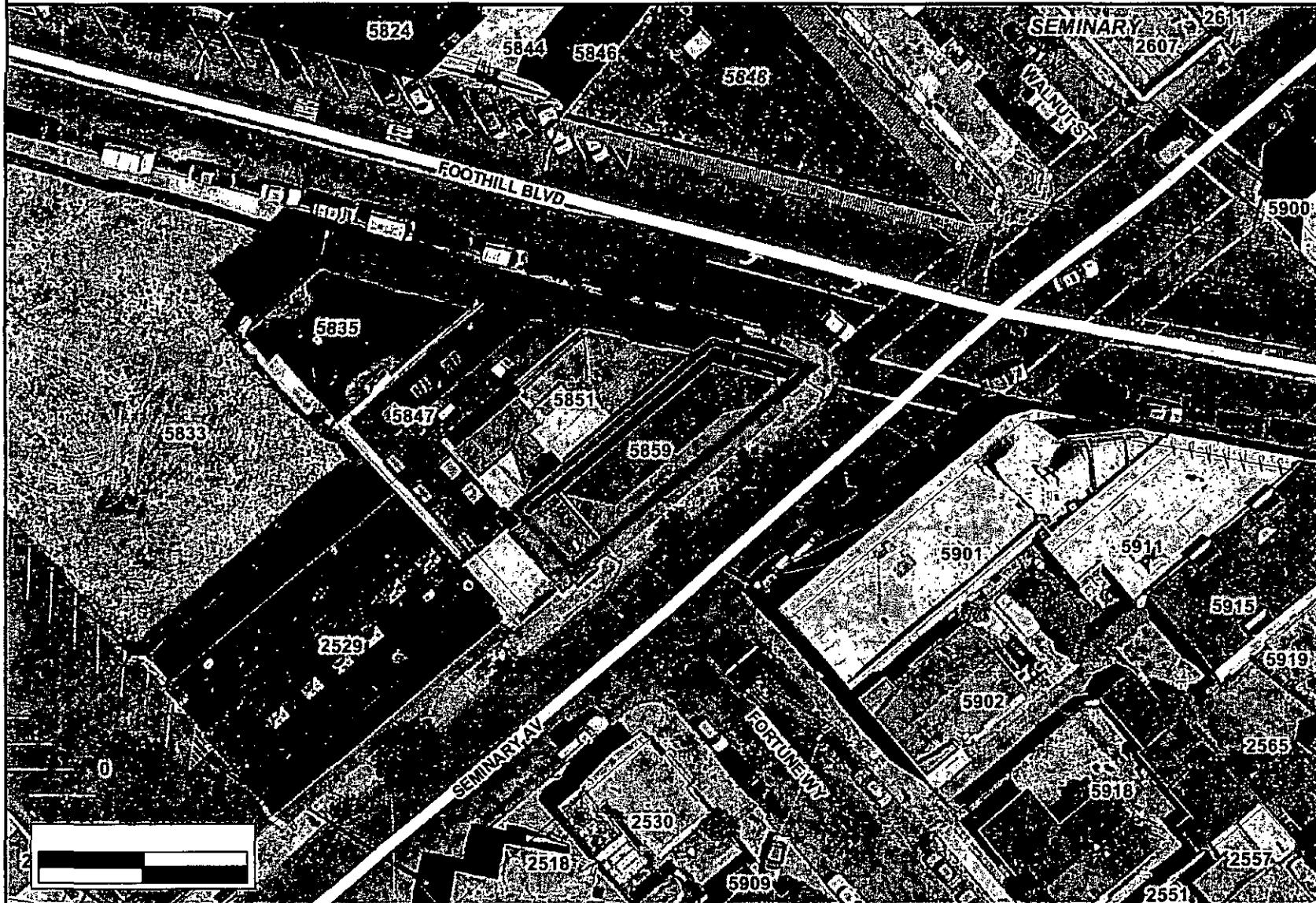
ABSENT-

ABSTENTION-









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

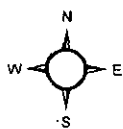
EXHIBIT A

5859 Foothill



Legend

-  Selected Features
-  City Limits
-  Parcels
-  Freeways
-  Major Sts
-  Streets
-  Water
-  Land



It is imperative that you obtain BOTH the Zoning and General Plan designations for the property(s) you are searching for.

Questions? Contact a planner at (510)238-3911.

Printed: 6/4/2008 3:26:41 PM

