

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

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 JUN 16 AM 10:45

TO: Office of the Agency Administrator
ATTN: P. Lamont Ewell, Interim Agency Administrator
FROM: Community and Economic Development Agency
DATE: June 28, 2011

RE: An Agency Resolution Authorizing The Purchase Of Real Property At 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue (Assessor's Parcel Number: 044-4967-009) in the Coliseum Redevelopment Project Area For Blight Removal and Land Assembly, From Elmhurst Plaza Developer, LLC, Charles Hill and Cherry Hill, and Charles Hill, Surviving Joint Tenant, In An Amount Not to Exceed \$1,221,000 And Authorizing Up To \$650,000, For Demolition, Abatement, Relocation And Real Estate Closing Costs

SUMMARY

Staff is requesting the approval from the Redevelopment Agency (the "Agency") to purchase the blighted property located at 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue (Assessor's Parcel Number: 044-4967-009; the "Property"), through a negotiated option agreement. The purchase would be to eliminate immediate blighting effects and to assemble a viable block of land for future undesignated development. The subject Property, identified as *Exhibit A* to the proposed resolution, is owned by Elmhurst Plaza Developer, LLC, Charles Hill and Cherry Hill, and Charles Hill, Surviving Joint Tenant, and is located in the Coliseum Redevelopment Project Area, in City Council District 7. The Agency issued and received Coliseum Area Series 2006B-T Taxable Bonds for the acquisition of underutilized and blighted properties in the Coliseum area. Staff recommends that the Agency adopt the attached resolution to authorize the acquisition of the subject Property.

FISCAL IMPACT

The funding of \$1,221,000 plus an additional \$650,000 for abatement, demolition, relocation and customary real estate closing costs to be allocated for the acquisition of the Property is available from the Coliseum Area: Tax Allocation Bond Series 2006B-T (Taxable) Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition – Taxable Bond Project (T315820).

BACKGROUND

The 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue property has the following approximate land and building square footage:

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<u>Address</u>	<u>APN</u>	<u>Land</u>	<u>Building</u>
9409 International Blvd	044-4967-002	6,317 SF	5,300 SF
9415 International Blvd	044-4967-003	5,125 SF	2,004 SF
9423 International Blvd	044-4967-044-03	5,000 SF	No Building
9431 International Blvd	044-4967-005	2,500 SF	2,400 SF
9437 International Blvd	044-4967-007-01	5,000 SF	2,900 SF
1361 95 th Avenue	044-4967-004-02	3,150 SF	No Building
95 th Avenue	044-4967-009	1,710 SF	No Building
TOTAL		28,802 SF	12,604 SF

The Agency was contacted by the owner regarding the opportunity acquisition. The original asking price for the property was \$1,500,000. Through negotiation the Agency and owner agreed to an option purchase agreement for an Agency purchase price of \$1,300,000, subject to a fair market value appraisal with the property delivered free and clear of any liens, licenses, leases or encumbrances. An appraisal was completed which established fair market value of \$1,221,000. Based on the appraisal, the owner and Agency have agreed to a final purchase price of \$1,221,000. A Phase I & Phase II environmental investigation of the Property has been completed and the property is clean.

KEY ISSUES AND IMPACTS

The Property is located in the 9400 block of International Boulevard within the Elmhurst District of the Coliseum Redevelopment Project Area. This block, all of which is owned by Charles Hill, is a critical piece in the redevelopment of this area which has been ongoing since 2006. Mr. Hill owns the largest contiguous land mass within the area. Over the years Mr. Hill has held option agreements with various developers, all of which eventually dropped out due to their inability to obtain the level of funding support needed to develop the property. Currently Mr. Hill has listed the individual properties for sale with an asking price of \$1,500,000. The 9400 block on the eastern side of International is controlled by Acts Full Gospel Church. Both sides of the 9500 block of International are held by numerous individual property owners. The immediate objective of the proposed acquisition is to alleviate area blight by demolishing the existing dilapidated structures. The longer term objective is to assemble the various parcels to make development of the area more viable.

The Property has been appraised by an independent contract appraiser, under contract with the Agency, which established a fair market value of \$1,221,000. As stated above, the property owner initially listed the property for sale at \$1,500,000. The owner and Agency entered into an option purchase agreement to sell the Property to the Agency for \$1,300,000 subject to appraisal.

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Based on the appraisal, the owner and Agency have agreed to a final purchase price of \$1,221,000. The negotiated sales price does include an additional non-refundable option fee of \$5,000, which will be credited toward the purchase price once the option is executed. The option agreement allowed the Agency to control the site until the Agency can make a determination on the purchase of the Property. The acquisition of the Property meets the goals of the Coliseum Redevelopment Plan to reuse underutilized and blighted building sites and revitalize the surrounding community.

Once the Agency acquires the Property, staff will commence a process to demolish the structures on site. While this process is not necessarily a complex process it is lengthy, requires a city contracting process and ultimately relies on PG&E and third party contractors for completion. The average demolition process is taking approximately a year to complete. The process includes:

DEMOLITION PROCESS	TIME	INVOLVED PARTY
Prepare Scope of Work & environmental documentation	30 days	Redevelopment, Environmental Services & Buildings Services Divisions
Advertise & Bidding	60 days	Contract Compliance
Contract Award & Execution	60-90 days	Contract Compliance, Redevelopment, City Attorney's Office, City Administrators Office
Abatement Completed	30 days	Selected abatement contractor
PG&E – Utility Disconnection	60-120 days	PG&E
Demolition	30 days	Selected demolition contractor

The Agency will be responsible for ongoing property management issues until the property is demolished.

PROJECT DESCRIPTION

The purchase of this property is to assemble the various parcels to abate the blight on the property and for future development. As noted above in the Background section, the Property consists of a total of approximately 28,800 square feet of land and approximately 12,604 square feet of building space. The existing buildings will be demolished after acquisition is complete. The Property is zoned C-40 Community Thoroughfare. The zoning allows for a wide range of commercial and retail uses that are typically found along a major thoroughfare.

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SUSTAINABLE OPPORTUNITIES

Economic: In its present condition the subject Property makes minimum economic contribution to the area. The parcel provides a location for illegal dumping and other blight - related problems. Future projects at this location will improve neighborhood conditions, address the needs of the residents 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 possible future development at this location is expected to create an attractive addition to the community, stimulating further 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 from this proposed action.

RECOMMENDATION(S) AND RATIONALE

Staff recommends that the Agency adopt the Resolution authorizing the purchase of real property located at 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue (Assessor's Parcel Number: 044-4967-009) in the Coliseum Redevelopment Project Area, from Elmhurst Plaza Developer, LLC, Charles Hill and Cherry Hill, and Charles Hill, Surviving Joint Tenant for \$1,221,000, and authorizing up to \$650,000 for abatement, demolition, relocation and real estate closing costs. Approving the Agency Resolution will further the objectives of the Coliseum Redevelopment Plans to improve the Project Areas with positive economic stimulus, thereby creating better communities for residents.

ALTERNATIVE RECOMMENDATION

The Agency Board could choose to not exercise its option to purchase the subject property. Staff does not recommend this option. The purchase of 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue (Assessor's Parcel Number: 044-4967-009) would represent an important symbolic and material commitment by the

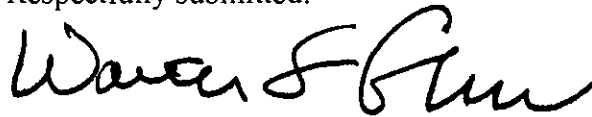
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Agency toward the Coliseum Redevelopment Plan goals. By contrast, a failure to exercise the purchase option could allow the site to be purchased by an outside entity, whose goals for the site may not be compatible with or supportive of the City's vision for redevelopment of this area.

ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

The Agency is requested to adopt the Resolution authorizing the purchase of real property at 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue (Assessor's Parcel Number: 044-4967-009) in the Coliseum Redevelopment Project Area, from Elmhurst Plaza Developer, LLC, Charles Hill and Cherry Hill, and Charles Hill, Surviving Joint Tenant for \$1,221,000, and authorizing up to \$650,000 for abatement, demolition, relocation and real estate closing costs.

Respectfully submitted:



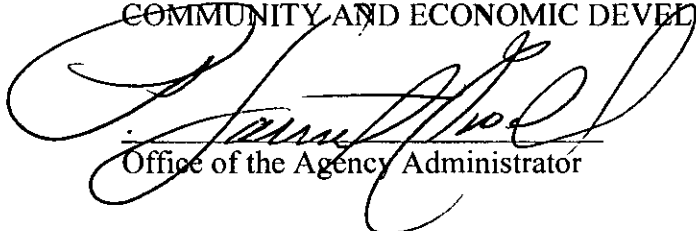
Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by: Gregory Hunter, Deputy Director
Community and Economic Development Agency

Reviewed by: Frank Fanelli, Manager
Real Estate Services Division

Prepared by: John Monetta
Program Analyst III

APPROVED AND FORWARDED TO
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



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APPROVED AS TO FORM AND LEGALITY:


Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 9409, 9415, 9423, 9431, AND 9437 INTERNATIONAL BOULEVARD, 1361 95TH AVENUE AND AN UNKNOWN ADDRESS ON 95TH AVENUE (ASSESSOR'S PARCEL NUMBER: 044-4967-009) IN THE COLISEUM REDEVELOPMENT PROJECT AREA FOR BLIGHT REMOVAL AND LAND ASSEMBLY, FROM ELMHURST PLAZA DEVELOPER, LLC, CHARLES HILL AND CHERRY HILL, AND CHARLES HILL, SURVIVING JOINT TENANT, IN AN AMOUNT NOT TO EXCEED \$1,221,000, AND AUTHORIZING UP TO \$650,000 FOR ABATEMENT, DEMOLITION RELOCATION AND REAL ESTATE CLOSING COSTS

WHEREAS, the Coliseum Redevelopment Plan adopted by the City Council on July 29, 1995, includes alleviation of general blight and unsafe conditions as a goal for the Coliseum area; and

WHEREAS, the Redevelopment Agency of the City of Oakland (the "Agency") is implementing projects in the Coliseum 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 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue (Assessor's Parcel Number: 044-4967-009), depicted on Exhibit A attached hereto, (the "Property") is within the Coliseum Redevelopment Project Area in Oakland; and

WHEREAS, the Property, consisting of a parcel totaling approximately 28,800 square feet of land with approximately 12,604 square feet of commercial buildings, is currently blighted and underutilized; and

WHEREAS, the Agency desires to acquire the Property to hold to land bank for future development, to rid the Property of blight, and to assemble the parcels to make them more developable; and

WHEREAS, Elmhurst Plaza Developer, LLC, Charles Hill and Cherry Hill, and Charles Hill, Surviving Joint Tenant, agreed to sell the Property to the Agency at the fair market value of \$1,221,000; and

WHEREAS, the sale by the owners 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, an environmental investigation completed, and the Agency has executed an option contract to enter into a purchase and sale agreement with the owner of the properties, to acquire the Property; and

WHEREAS, the cost of abatement, demolition relocation and real estate closing is estimated to be \$650,000; and

WHEREAS, the Agency issued and received Coliseum Area Redevelopment Project Taxable Tax Allocation Series 2006B-T bonds for the Coliseum Area Redevelopment Project 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 Parcel is available from the Coliseum Area: Tax Allocation Bond Series 2006 (Taxable) Bond Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition --Taxable Bond Project (T315820); 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 exercise the Agency's purchase option, and to purchase the Property located at 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue (Assessor's Parcel Number: 044-4967-009) for an amount not to exceed \$1,221,000, and authorizes \$650,000 for costs of abatement, demolition relocation and real estate closing, and be it

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

1. That the funding of the acquisition of 9409, 9415, 9423, 9431 and 9437 International Boulevard, 1361 95th Avenue and an unknown address on 95th Avenue (Assessor's Parcel Number: 044-4967-009) from redevelopment funds will benefit the Coliseum Redevelopment Project Area by assenibling the parcels to create a better opportunity for future development of the parcels to better serve area residents and businesses and improve physical conditions in the Coliseum Redevelopment Project Area;
2. That the use of tax increment funds from the Coliseum Redevelopment Project Area for the purchase is consistent with the implementation plan adopted for the Coliseum Project Area and will assist in the elimination of blight in the Project Area by redeveloping underutilized parcels; and be it

FURTHER RESOLVED: That funds will be allocated from Coliseum Area: Tax Allocation Bond Series 2006B-T (Taxable) Fund (9456), Capital hnpovement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition – Taxable Bond Project (T315820); 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 comphes with CEQA because this action on the part of the Agency is exempt from CEQA under Section 15061(b)(3) (activity covered by the general rule, no significant effect on the environment) and Section 15183 (projects consistent with the General Plan), of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption and an Environmental Declaration (under California Fish and Game Code section 711.4) with the County of Alameda; and be it

FURTHER RESOLVED: That the Agency Administrator or his designee is hereby authorized to negotiate and execute all agreements and to take whatever other action is necessary with respect to the Property acquisition, consistent with this Resolution and its basic purposes; and be it

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

IN AGENCY, OAKLAND, CALIFORNIA, _____, 20__

PASSED BY THE FOLLOWING VOTE:

AYES - BRUNNER, KERNIGHAN, NADEL, SCHAAF, DE LA FUENTE, BROOKS, KAPLAN, AND CHAIRPERSON REID

NOES-

ABSENT-

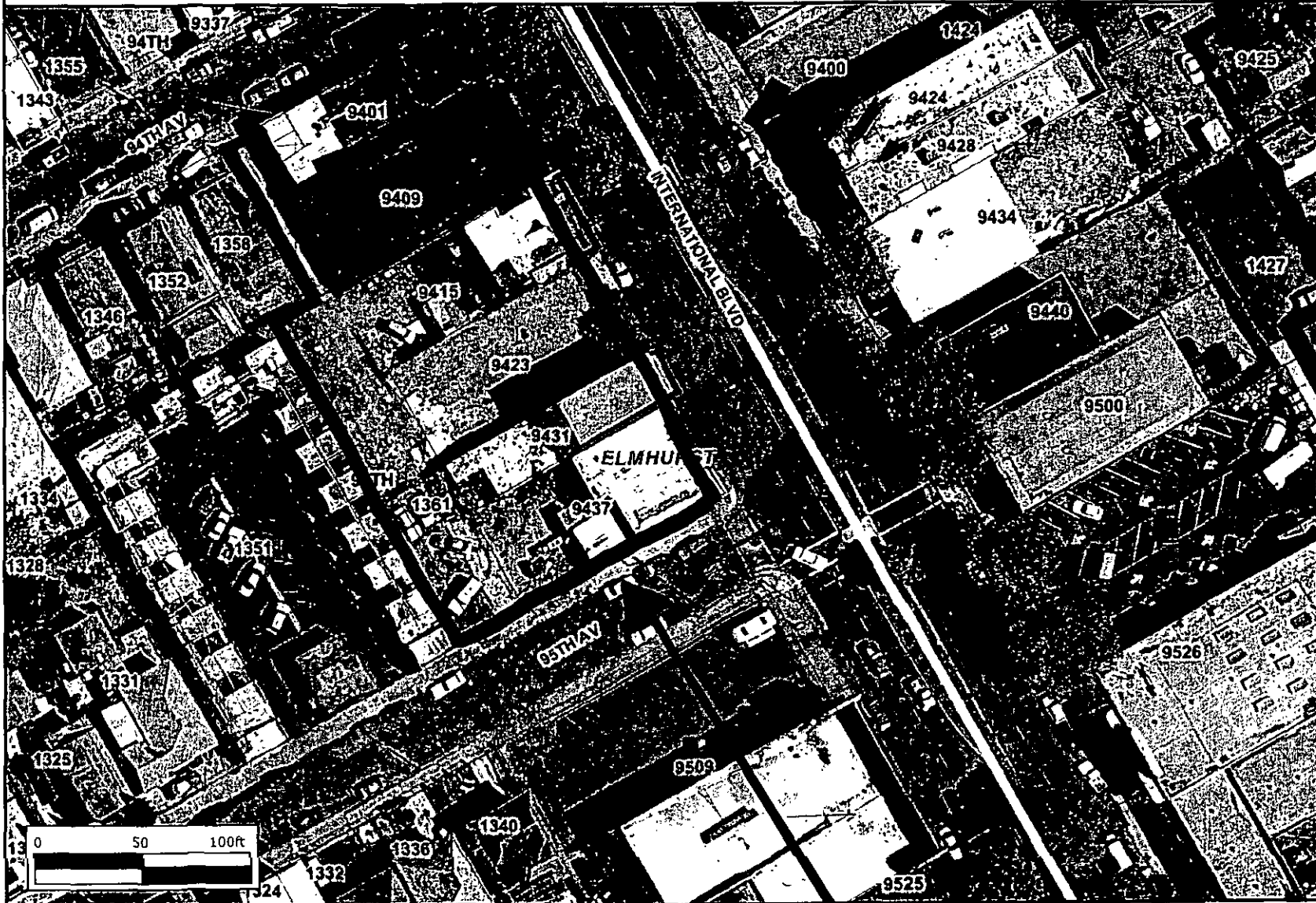
ABSTENTION-

ATTEST: _____

LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

EXHIBIT A

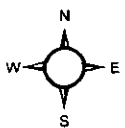
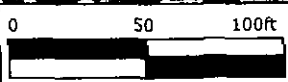
9409-9437 International Blvd



Legend

City Limits

-  Parcels
 -  Freeways
 -  Major Sts
 -  Streets
 -  Water
- 2003
ORTHOPHOTOS



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.

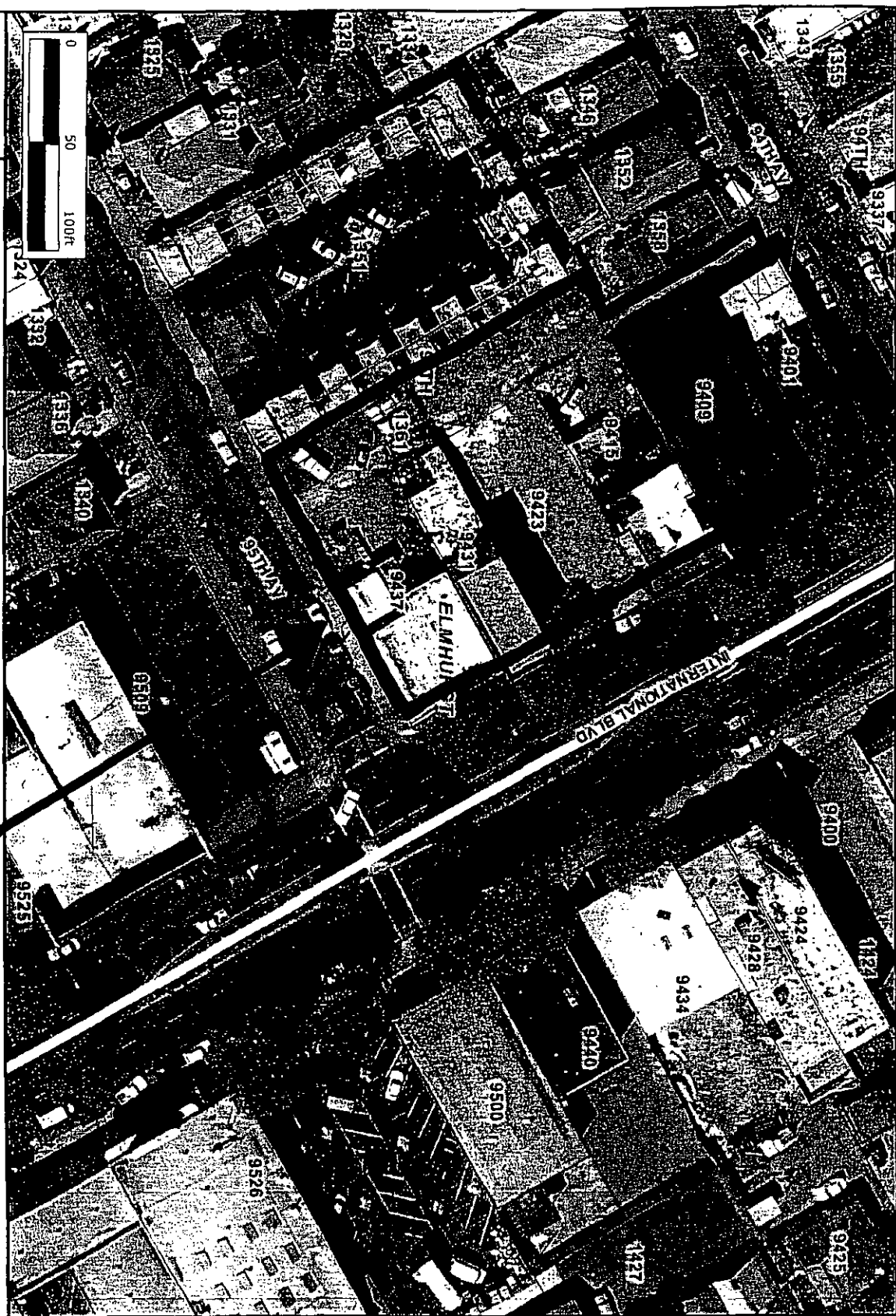
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SUBJECT PROPERTY



EXHIBIT A

9409-9437 International Blvd



Legend	
[Symbol]	City Limits
[Symbol]	Parcels
[Symbol]	Freeways
[Symbol]	Major/Sts
[Symbol]	Streets
[Symbol]	Water

2003
ORTHOPHOTOS

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.

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SUBJECT PROPERTY

