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OFFICE OF THE CITY CLERK
OAKLAND

2008 FEB 13 PM 12:14

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

TO: Office of the City /Agency Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: February 26, 2008

RE: **An Agency Resolution Authorizing the Purchase of Real Property at 2777 Foothill Boulevard, Oakland from Hooi H. Yeap for \$1,050,000, Plus Approximately \$30,000 for an Environmental Survey and Real Estate Closing Costs**

SUMMARY

Approval of Oakland Redevelopment Agency (the "Agency") is requested to purchase the property located at 2777 Foothill Boulevard, Oakland (APN # 024-0733-008-02) through a negotiated sales agreement. The subject property identified in Exhibit "A" is owned by Hooi H. Yeap and is located in the Central City East Redevelopment Project Area, in City Council District 5. The Agency issued and received Central City East Series 2006A Taxable Bonds for the acquisition of underutilized and blighted properties 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 attached Resolution to authorize the acquisition of the subject property.

FISCAL IMPACT

Community and Economic Development Agency staff is proposing the following Agency funding sources for this acquisition: \$1,050,000 plus customary real estate closing cost, appraisal and phase I environmental study cost (estimated to be \$30,000) 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). Agency has paid a non-refundable fee of \$3,000 to secure an option agreement to purchase the Property, which will be applied toward the purchase price once the option is executed.

BACKGROUND

The acquisition of this property is an opportunity purchase. The property at 2777 Foothill Boulevard consists of a single corner parcel encompassing $\pm 17,818$ square feet, improved with a $\pm 13,923$ square foot of congregate care (nursing) structure, currently in fair condition. The present owner purchased the site on April 21, 2006 at a price of

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\$1,175,000 in order to convert the property to a transitional housing facility for homeless military veterans. Due to past difficulties with prior occupants and neighborhood resistance to the proposed project the owner was not able to convert and reopen the facility. The owner decided to sell the property by listing it with a broker and advertising it on a commercial listing service called Loopnet. The property is listed on Loopnet as of July 2007 at a price of \$1,250,000. The Redevelopment Agency was contacted by the seller and an option to purchase agreement was executed to acquire the property at a price of \$1,050,000. At present, the property is vacant and boarded up. The property has remained vacant since the April 2006 purchase and has been broken into several times. Complaints have been made to the Oakland Police Department.

KEY ISSUES AND IMPACTS

The subject property is located in East Oakland in an area commonly known as the San Antonio/Fruitvale district. The district is extremely vibrant and has steadily grown in size over the last two decades. There is minimal vacancy in storefronts between 29th Avenue and 42nd Avenue along International Boulevard and Foothill Boulevard, which features a wide variety of locally owned businesses. There has been a significant degree of "smart growth" type development in the district in the form of large multi-use projects centered on the BART station, known as Fruitvale Village. The immediate objective of the acquisition is land banking. In the long run, control of this property is important to redevelopment efforts in the Central City East Redevelopment Project Area. All off-site improvements and public utilities are available.

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 an option agreement to sell the property to the Agency for a total of \$1,050,000 plus closing costs, which are estimated at approximately \$20,000. The negotiated sales price does include an additional non-refundable option fee of \$3,000, which will be credited toward the purchase sale once the option is executed. The City secured the option to purchase to obtain site control to use for future projects. The option agreement allows the City to control the site until the Agency can make a determination on the purchase of the Property. If the Agency approves the Resolution, the acquisition is expected to commence immediately and shall be completed by the end of April 2008. The subject parcel 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

Site Description: The property is located at 2777 Foothill Boulevard. It consists of a single parcel totaling of $\pm 17,818$ square feet. The topography is level and all frontages are improved with sidewalks, curbs, gutters, and storm drain. The site is zoned C-30 district shopping center and the General Plan Designation is Urban Residential. The zoning allows for a maximum development of one unit per 450 square feet of site area or

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a total of \pm 40 units. Because the property is located on a corner, there is the potential to develop up to 60 units, provided a) there are more than 4 stories of residential units, and b) if a Conditional Use Permit is approved to add a 50% density bonus.

Improvements: The property is improved with a single story structure originally designed and built as a congregate care (nursing) home with 19 bedrooms, each large enough to accommodate two bed-spaces. The building features common areas, a commercial kitchen and an assembly hall. In this part of the building there is a second level space adaptable to either residential or office use. Of the 19 bedrooms, there are three with private baths. The other 16 bedrooms share a half- bath, along with two shower rooms and one full bath, off common passageways.

Highest and Best Use: The highest and best use of this property at this time would be either for rehabilitation into some type of nursing/senior home, or redevelopment with a mixed-use residential complex. A multi-unit residential project is currently under construction on a similar site located two blocks northwest of the subject property on Foothill Boulevard.

SUSTAINABLE OPPORTUNITIES

Economic: In its present condition as a vacant building, the subject property makes a minimum economic contribution to the area. The site is boarded up, presenting a source of various problems in the area. The Oakland Police and Code Enforcement departments have received complaints regarding squatters, who have been removed from the site several times this year. Future projects at the subject property, such as mixed-use housing or a nursing/senior home will improve neighborhood conditions and increase tax increments. Such projects will make the area more attractive to current and prospective residents and tenants, as well as businesses that can provide employment in the City of Oakland.

Environmental: The acquisition and development of the project site area at 2777 Foothill Boulevard 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 of a new care facility or residential community at the subject property will provide further positive stimulus to the local neighborhoods. This development will be a welcomed contribution to the continued safety, growth, and stability of the neighborhood.

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DISABILITY AND SENIOR CITIZEN ACCESS

The acquisition of the subject property will have a direct positive impact on seniors and people with disabilities if it is converted to a care facility. The project developed on the site will comply with all city, state, and federal American with Disabilities (ADA) requirements.

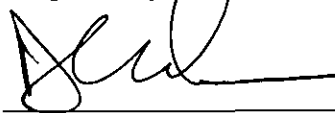
RECOMMENDATION AND RATIONALE

Staff recommends the Agency adopt the Resolution authorizing the purchase of real property at 2777 Foothill Boulevard, Oakland (APN 024-0733-008-02)) from Hooi H. Yeap for \$1,050,000, plus approximately \$30,000 for an environmental survey and real estate closing costs. Approving the Agency Resolution will facilitate the objectives of Central City East Redevelopment Plans to implement the process of improving the district with positive economic stimulus, creating better communities for its residents.

ACTION REQUESTED OF CITY COUNCIL AND AGENCY

Adopt the following pieces of legislation: Staff recommends the City Council adoption of an Agency Resolution authorizing the purchase of real property at 2777 Foothill Boulevard, Oakland (APN 024-0733-008-02)) from Hooi H. Yeap for \$1,050,000, plus approximately \$30,000 for an environmental survey and real estate closing costs.

Respectfully submitted,

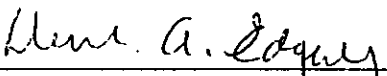


Dan Lindheim
Director
Community and Economic Development Agency

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

Prepared by: Hamid Ghaemmaghami
Real Estate Agent
Real Estate Services

APPROVED FOR FORWARDING TO
FINANCE AND MANAGEMENT COMMITTEE:



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APPROVED AS TO FORM AND LEGALITY:

D. Lewis

Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 2777 FOOTHILL BOULEVARD, OAKLAND FROM HOOI H. YEAP FOR \$1,050,000, PLUS APPROXIMATELY \$30,000 FOR REAL ESTATE CLOSING COSTS

WHEREAS, the Central City East Redevelopment Plan 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 2777 Foothill Boulevard, illustrated in Exhibit A attached hereto (APN 024-0733-008-02) (the "Property") is within the Central City East Redevelopment Project Area in Oakland; and

WHEREAS, the Property contains one structure that is currently vacant, blighted, obsolete, 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 for a use such as a nursing home or multi-unit residential development in the future; and

WHEREAS, Hoop H. Yeap, the owner of the Property, advertised the Property for sale in a publication of general circulation, and then offered to sell the Property to the

Redevelopment Agency of the City of Oakland (the "Agency") 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 has been completed and the Agency has executed an option contract to enter into a sale and purchase agreement with Hoop H. Yeap, the owner of the property, to acquire the Property rights for \$1,050,000, plus real estate closing costs (estimated to be \$30,000); and

WHEREAS, the property owner has agreed to sell the Property to the Agency at the fair market value of \$1,050,000; 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 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 Sales Agreement for the purchase of Property located at 2777 Foothill Boulevard for an amount not exceed \$1,050,000 plus real estate closing costs, and be it

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

1. That the funding of the acquisition of the 2777 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 these 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), Section 15301 (existing facilities), and Section 15311(b) (accessory building and small parking lot) of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption 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"
Page 1

The land referred to in this Report is described as follows:

All that certain real property situated in the City of Oakland, County of Alameda, State of California, described as follows:

A PORTION OF LOT 3, BLOCK F, AS SAID LOT AND BLOCK ARE SHOWN ON "REVISED MAP OF OAK TREE FARM TRACT, BROOKLYN TOWNSHIP, ALAMEDA COUNTY, CALIFORNIA", ETC., FILED MAY 22, 1885 IN BOOK 11 OF MAPS, AT PAGE 1, IN THE OFFICE OF THE COUNTY RECORDER OF ALAMEDA COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT OF INTERSECTION OF THE SOUTHERN LINE OF FOOTHILL BOULEVARD (FORMERLY SHERMAN STREET OF OLD COUNTY ROAD) WITH THE WESTERN LINE OF 28TH AVENUE, FORMERLY JULIA STREET, AS SAID STREETS ARE SHOWN ON THE MAP HEREINABOVE REFERRED TO; THENCE ALONG SAID LINE OF 28TH AVENUE, SOUTH 38° 03' 45" WEST (THE BEARING OF 28TH AVENUE, SOUTH 38° 03' 45" WEST BEING TAKEN FOR THE PURPOSE OF MAKING THIS DESCRIPTION) 178.25 FEET; THENCE LEAVING THE LAST NAMED LINE, NORTH 53° 15' 30" WEST 133.63 FEET; THENCE NORTH 36° 47' EAST, 90.54 FEET TO THE AFORESAID LINE OF FOOTHILL BLVD.; THENCE ALONG SAID LINE OF FOOTHILL BLVD., SOUTH 85° 44' 45" EAST, (THE BEARING OF FOOTHILL BLVD., SOUTH 85° 44' 45" EAST BEING TAKEN FOR THE PURPOSE OF MAKING THIS DESCRIPTION) 163.21 FEET, TO THE POINT OF BEGINNING.

APN: 025-0733-008-02
ARB: None

Exhibit "A"

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Assessor's Map 25

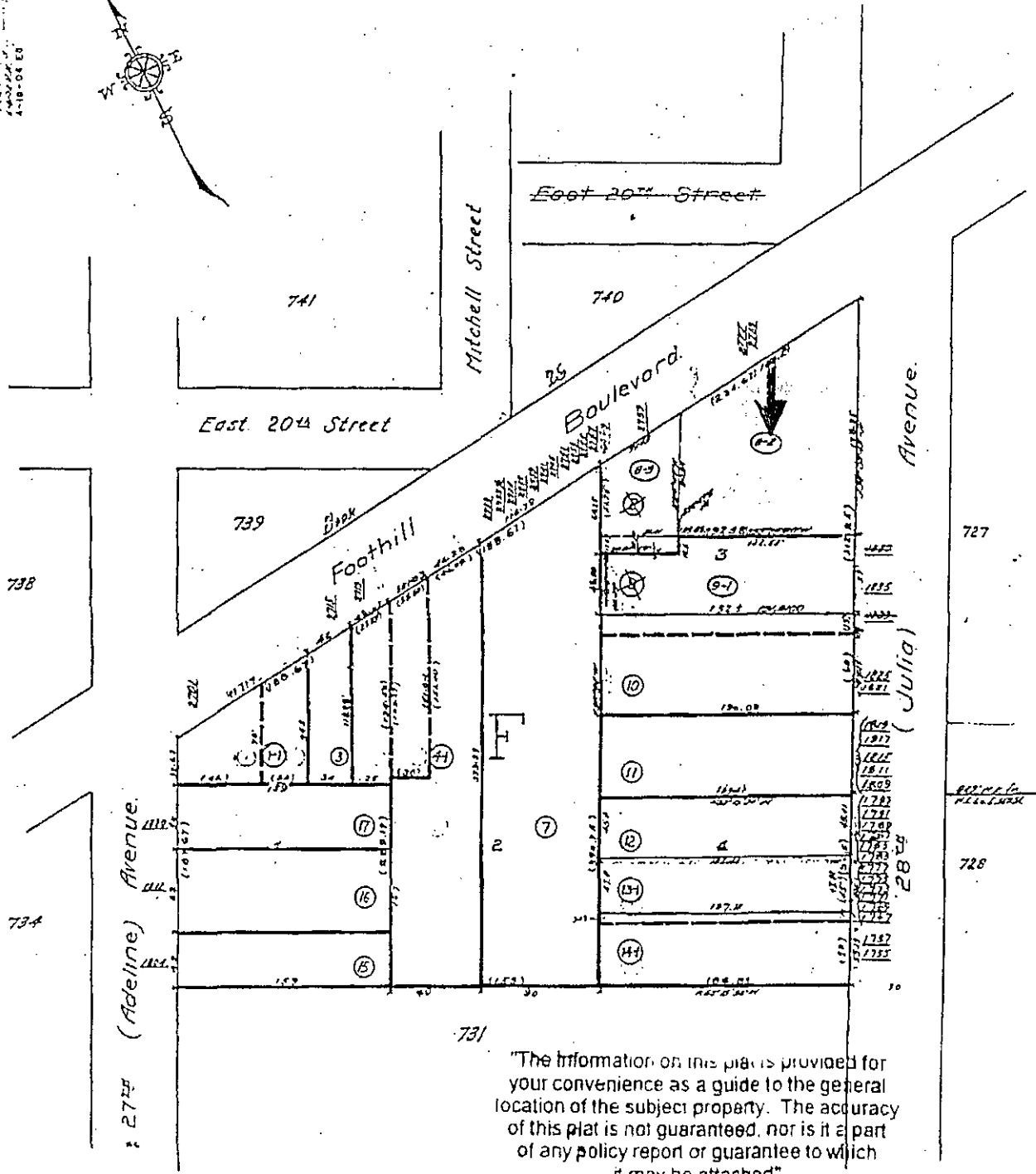
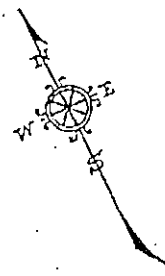
Code Area No. 17-045

Revised Map of the Oak Tree Farm Tract (BK 11 P. 1)

Scale 1 in = 60 ft.

733

Rev. 12-6-53
4-18-68 EG



"The information on this plat is provided for your convenience as a guide to the general location of the subject property. The accuracy of this plat is not guaranteed, nor is it a part of any policy report or guarantee to which it may be attached"