

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**

OFFICE OF THE CITY CLERK

2006 JAN 12 PM 1:22

Agenda Report

TO: Office of the City Administrator/Agency Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: January 24, 2006

**SUBJECT: AN AGENCY RESOLUTION AUTHORIZING AN EXCLUSIVE
NEGOTIATING AGREEMENT WITH COTTER AND COYLE, LLC FOR
THE SALE AND DEVELOPMENT OF AGENCY-OWNED PROPERTY AT
3860 MARTIN LUTHER KING, JR. WAY.**

SUMMARY

The item is a request for Redevelopment Agency approval of a resolution authorizing the Agency Administrator to negotiate and execute an Exclusive Negotiating Agreement (ENA) with the development team of Cotter and Coyle, LLC, to negotiate the sale of the Agency-owned property at 3860 Martin Luther King, Jr. Way (MLK) for the purpose of multi-family ownership housing development. Staff recommends that the Redevelopment Agency approve this resolution.

FISCAL IMPACTS

Authorization to enter into an ENA with Cotter and Coyle, LLC does not commit any expenditure of City or the Redevelopment Agency funds. Final approval of the sale of the property will require approval by the Agency at a later time. The Agency anticipates that the property will be sold for market value. The proceeds from the sale will repay the \$257,000 promissory note due to the City of Oakland for the purchase of this property which was approved by City Council on June 25, 2002 (Ordinance No. 12430 C.M.S.). The Broadway/MacArthur/San Pablo Redevelopment Project Area will receive the remainder of the proceeds from the sale of property to Cotter and Coyle, LLC. There will be no adverse impact on the General Fund or to the funds of the Redevelopment Agency as a result of entering into this agreement.

BACKGROUND

The subject property at 3860 Martin Luther King Jr. Way (MLK) is a vacant parcel of land located directly west of Highway 24 between 39th Street and Apgar Street. The property is located within the Broadway/MacArthur/San Pablo Redevelopment Project Area and is located immediately west of the MacArthur BART Station, on the opposite side of Highway 24 from the proposed MacArthur Transit Village Project and the BART Station entrance.

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The Agency purchased 3860 MLK from the City in June 2002 in exchange for a promissory note in order to establish debt for the Broadway/MacArthur/San Pablo Redevelopment Project Area. Redevelopment Project Areas must have debt greater or equal to their tax increment allocations in order to collect the tax increment funds. The Agency has since established debt for the Broadway/MacArthur/San Pablo Redevelopment Project Area and no longer has a need to retain the debt from the promissory note.

Cotter and Coyle, LLC purchased the Lucky's Auto Body property at 3884 MLK (at the corner of 39th) in September 2005 for the purpose of housing development. The property at 3884 MLK is directly adjacent to the Agency-owned property at 3860 MLK. The Agency approached Cotter and Coyle about the potential for them to purchase the Agency's property for market value in order to expand their planned development project. Cotter and Coyle agreed to enter into an Exclusive Negotiating Agreement in order to determine the financial feasibility of expanding their development project to include the Agency-owned property. The project proposal, which is still very preliminary, includes for-sale multi-family housing and ground-floor retail. This proposal is consistent with the Agency's vision for development surrounding the MacArthur BART Station.

KEY ISSUES AND IMPACTS

Cotter and Coyle, LLC is a partnership between Neil Cotter of C.O.D. Builders, Inc. and Gilbert Coyle of Coyle Iron. Together, they offer over 39 years of combined experience in housing and mixed-use construction and development with a focus on developing in underutilized areas. Recent projects of theirs include 532 30th Street in Oakland (a 27-unit condominium project) completed in 2005, 300 Linden Street in San Francisco (17 loft style condominiums with ground floor retail) completed in 2002, and 1710-1720 Market Street in San Francisco (22 loft style condominiums with ground floor retail) completed in 1999.

The ENA between the Agency and Cotter and Coyle is for the purpose of evaluating the feasibility of the sale of 3860 MLK at market value for housing or mixed-use housing and retail development. Some of the key tasks that will be included in the agreement include:

- Cotter and Coyle will submit a Good Faith Deposit of \$10,000.
- Cotter and Coyle will submit a project description suitable for the environmental review process that includes site plans, elevations, and proposed project circulation.
- Cotter and Coyle will hold at least one community meeting to present their proposed project to the community for review and comment prior to being finalized.
- Cotter and Coyle will develop a project pro forma to evaluate the financial feasibility of their project.
- By the end of the Negotiation Period, Cotter and Coyle shall have completed necessary CEQA environmental review procedures and obtained all necessary land use and planning approvals as determined appropriate by the Planning Department.

- By the end of the Negotiation Period, Cotter and Coyle and the Redevelopment Agency shall have negotiated the terms of a disposition and development agreement and bring the item back to the Agency Board for final approval.

The ENA will be for a period of 180 days, terminating in August 2006. The ENA will include an extension option for a period up to 12 months, subject to the Agency Administrator's discretion, to cover any delay in the project approvals or environmental review process.

SUSTAINABLE OPPORTUNITIES

Economic

Potential benefits if the housing development project goes forward include increased housing stock and increased tax revenue to the City and Agency.

Environmental

Potential benefits if the housing development project goes forward include redevelopment of transit-node located land at a higher density, creating a more sustainable urban land use pattern and increased transit ridership. The use of sustainable design features will be addressed in the Disposition and Development Agreement if the project goes forward.

Social Equity

Potential benefits if the housing development project goes forward include the development of moderate income ownership housing which will add housing choices and increased income diversity to this primarily low-income rental neighborhood.

DISABILITY AND SENIOR CITIZEN ACCESS

The authorization of the ENA will have no impact on disability and senior citizen access. Any future developments on the site will be required to comply with state and federal accessibility requirements, including Federal ADA Accessibility Guidelines, the Fair Housing Act and the State of California's Title 24 Accessibility regulations.

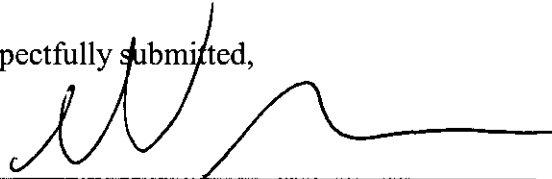
RECOMMENDATIONS AND RATIONALE

Staff recommends that the Redevelopment Agency authorize an ENA with Cotter and Coyle, LLC to study the feasibility of the sale of the Agency-owned property at 3860 Martin Luther King, Jr. Way for the development of multi-family ownership housing. Entering into an ENA does not commit the Agency to the sale of the property and provides an opportunity the Agency to determine if the proposed project and terms of sale will be beneficial for the Project Area.

ACTION REQUESTED OF THE COUNCIL

Staff recommends that the Redevelopment Agency approve the attached resolution authorizing the agency to negotiate and enter into an Exclusive Negotiating Agreement with Cotter and Coyle, LLC to study the feasibility of the sale of the Agency-owned property at 3860 Martin Luther King, Jr. Way for the development of multi-family ownership housing.

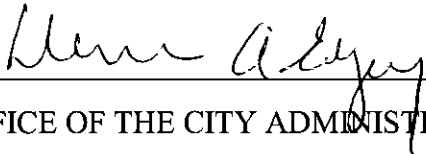
Respectfully submitted,



Dan Vanderprie, Director of Redevelopment,
Economic Development, and Housing and
Community Development

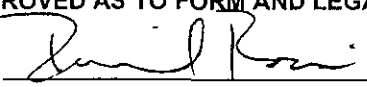
Prepared by:
Kathy Kleinbaum
Urban Economic Analyst III

APPROVED FOR FORWARDING TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE



OFFICE OF THE CITY ADMINISTRATOR

2006 JAN 12 PM 1:22

BY: 
AGENCY COUNSEL

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING AN EXCLUSIVE NEGOTIATING AGREEMENT WITH COTTER AND COYLE, LLC, FOR THE SALE AND DEVELOPMENT OF AGENCY-OWNED PROPERTY AT 3860 MARTIN LUTHER KING, JR. WAY

WHEREAS, the Redevelopment Agency owns real property at 3860 Martin Luther King, Jr. Way (APN 012-0968-030-01), which is located adjacent to the proposed MacArthur BART Station Transit Village project in the Broadway/MacArthur/San Pablo Redevelopment Project Area; and

WHEREAS, the Agency is working to redevelop the area surrounding the MacArthur BART Station to transit-supportive uses including multi-family housing; and

WHEREAS, in September 2005, Cotter and Coyle, LLC, purchased the property at 3884 Martin Luther King, Jr. Way, which is directly adjacent to the Agency's property at 3860 Martin Luther King, Jr. Way, for the purpose of developing multi-family housing; and

WHEREAS, Cotter and Coyle, LLC, would like to explore the feasibility of purchasing the Agency property at 3860 Martin Luther King, Jr. Way to expand their multi-family development proposal to include both adjoining sites; and

WHEREAS, the Agency and Cotter and Coyle, LLC, wish to enter into a period of preliminary study and negotiations over the sale of 3860 Martin Luther King, Jr. Way, agreeing that this does not constitute a binding commitment on the part of the Agency to participate in any project; now, therefore, be it

RESOLVED: That the Agency Administrator is authorized to negotiate and enter into an Exclusive Negotiating Agreement with Cotter and Coyle, LLC, for purposes of evaluating the feasibility of selling the Agency-owned property at 3860 Martin Luther King, Jr. Way to Cotter and Coyle, LLC, for the development of multi-family housing including, but not limited to, the following provisions:

- Cotter and Coyle, LLC, must submit a good faith deposit of \$10,000 in consideration for the exclusive right to negotiate for this project with the Agency;
- Cotter and Coyle, LLC, must develop a project pro forma to evaluate the financial feasibility of the project;

- *Cotter and Coyle, LLC, must hold at least one public meeting in the community in order to present its proposed development plan for the project;*
- *By the end of the negotiating period, Cotter and Coyle, LLC, shall have completed necessary CEQA environmental review and obtained all necessary land use and planning approvals as determined appropriate by the Planning Department;*

and be it further

RESOLVED: That the exclusive negotiating period will be for 180 days, with the option to extend said period for an additional twelve months, with the approval of the Agency Administrator in her sole discretion; and be it further

RESOLVED: That the Exclusive Negotiating Agreement shall be reviewed and approved as to form and legality by Agency Counsel prior to execution; and be it further

RESOLVED: That the Agency hereby appropriates and authorizes the expenditure of up to \$10,000 of the good faith deposit from Cotter and Coyle, LLC, to be deposited into the Broadway/MacArthur/San Pablo Capital Fund (Fund 9530) under a project to be established; 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 pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA guidelines; and be it further

RESOLVED: That the Agency Administrator or her designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it further

RESOLVED: That the Agency Administrator is further authorized to take whatever action is necessary with respect to the Exclusive Negotiating Agreement and the project consistent with this Resolution and its basic purposes.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2006

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, Redevelopment Agency
of the City of Oakland