

# REDEVELOPMENT AGENCY

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OAKLAND

## OF THE CITY OF OAKLAND

### AGENDA REPORT

2011 JAN 27 PM 12:06

TO: Office of the Agency Administrator  
ATTN: Dan Lindheim  
FROM: Community and Economic Development Agency  
DATE: February 8, 2011

RE: An Agency Resolution Authorizing The Purchase Of Real Property At 8280 MacArthur Blvd. In The Central City East Redevelopment Project Area, From Yan Li Liang, For \$230,000, Less The Cost Of Any Environmental Site Remediation, And Authorizing Up To \$15,000 for Real Estate Closing Costs, And \$50,000 For Demolition Costs

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#### SUMMARY

The City of Oakland Redevelopment Agency ("Agency") is proposing to purchase the unoccupied property located at 8280 MacArthur Blvd. (APN 043A-4644-026) from Yan Li Liang for \$230,000. The 82<sup>nd</sup> Avenue and MacArthur Boulevard intersection has been the site of numerous shooting incidents and three homicides. Most of the reported criminal activities were in or near a string of apartment buildings near the intersection. The community is working with several government agencies to address the problem. One of the solutions is to purchase targeted sites such as 8280 MacArthur Blvd. for redevelopment and change the use of the property which would have a positive influence in the neighborhood.

#### FISCAL IMPACTS

Funds are available for the purchase of the 8280 MacArthur Blvd in the Central City East Tax Allocation Bond Series 2006A-T (Taxable) Bonds Fund (9543), Central City East Organization (88699), Central City East Land Acquisition Project (\$233351).

#### BACKGROUND

The MacArthur Blvd. corridor in East Oakland has historically been an area that has been challenged by violent crime, blight, and concentrated poverty. Once a thriving business district, this area has fallen into disrepair and has continued on a downward spiral. A series of high profile crimes have occurred in the neighborhood. These crimes have put a stigma on the neighborhood and have been instrumental in lowering property values. The violent incidents resulted in a series of meetings being held to address the hostile activity that continues to occur at these properties. Participants included religious leaders, community activists, representatives

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CED Committee  
February 8, 2011

from the probation and parole departments, and City staff. As a result of these initial meetings, participants, including the Central City East Project Area Committee and the Neighborhood Crime Prevention Councils, have worked collectively to not only improve the entire corridor, but have focused their efforts on these properties. This narrowed focus has led to a consensus that the area needs to be redeveloped and reused for other purposes that enhance the area and are less likely to attract crime. On May 21, 2010, the Agency purchased one of the blighted neighboring properties, located at 8296 MacArthur Boulevard. The property is currently slated for demolition.

## KEY ISSUES AND IMPACTS

The subject property is a 6,720 square foot interior lot improved with an approximately 3,500 square foot building. The building contains four (4) vacant residential units. The subject property is one of several blighted apartment buildings that have been the source of significant criminal activity near the intersection of 82<sup>nd</sup> Avenue and MacArthur Boulevard, a major corridor in East Oakland. The subject site was vacant and boarded when it was purchased through foreclosure on August 25, 2009 per public records, the property was purchased for \$172,000; however, the owner has made interior improvements to the property since the purchase date. Although the subject property has undergone recent renovations, it remains vacant. The owner has had problems finding qualified occupants. According to the listing broker, the owner attempted to register the site as a rental property with the Oakland Housing Authority (OHA) Section 8 Program; however, OHA would not issue occupancy vouchers for the site because it did not meet OHA's safe, decent and affordable guidelines. The property is still vacant and will be purchased vacant.

The neighboring residents have been hampered by shootings and the presence of participants engaging in illegal activities in the general vicinity of the apartment buildings. The community held several meetings with various agencies and asked the City to assist in changing the use of the sites to lessen the volatile activity.

The property was appraised for \$220,000. The \$230,000 purchase price is within the appraised fair market value range. Staff is recommending an administrative settlement of \$230,000 which is 4.5 percent above the appraised value. It should be noted that the Agency was contacted by the listing broker who offered to sell the property for \$350,000. It is in the City's best interest to acquire the property because it helps to improve the safety of the neighborhood, and as noted above, we acquired the neighboring property at 8296 MacArthur Blvd in May 2010. The apartment building will be demolished. The Agency plans to ultimately acquire and demolish the apartment buildings on the contiguous sites to attain plottage value. After the properties are assembled the location will be marketed as one vacant site for redevelopment.

### Replacement Housing Requirement

California Redevelopment Law requires that whenever housing which is affordable to low and moderate income persons is demolished or removed from the housing supply as a result of redevelopment agency actions, the agency must prepare a replacement housing plan. The agency must adopt this plan at least 30 days prior to executing an agreement for acquisition. For a reasonable period prior to adoption by the agency, the plan must be made available for review and comment by the project area committee, other public agencies, and the general public.

The replacement housing plan must include such information as the location of the replacement units, an adequate means for financing the development of the replacement housing, the number of units that will be affordable to low and moderate income households, and a timetable for providing this housing. Replacement units must be provided within four years of the removal of the original units from the market, and must be comparable in number of bedrooms and affordability to the units that were lost, with long-term restrictions on rents and tenant incomes.

It is likely that projects planned or underway with assistance from the Agency's Low and Moderate Income Housing Fund can be designated as replacement units. Staff will prepare a replacement housing plan and bring it to the Agency for approval.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** The Agency plans to demolish the apartment building. The vacant property will eventually be assembled with the adjoining sites and marketed for a new use. The new development will improve neighborhood conditions and make the neighborhood area more attractive to current and prospective residents, tenants and businesses.

***Environmental:*** The acquisition of the 8280 MacArthur Boulevard site will clean up some of the blight in the area. The future development at this location is expected to create an attractive addition to the community and stimulate further neighborhood infill development.

***Social Equity:*** The neighborhood where the property is located has suffered from illegal activity and blight for an extended period of time. The proposed acquisition will assuage the neighborhood concerns regarding the criminal activity on and near the property. The future development will provide a positive stimulus to the neighborhood where new construction is both welcomed and important to continued neighborhood growth and stability.

### **DISABILITY AND SENIOR CITIZEN ACCESS**

There is no impact on access for senior citizens or the disabled from this proposed action.

**ACTION REQUESTED OF THE REDEVELOPMENT AGENCY**

The Agency is requested to adopt the Resolution authorizing the purchase of real property at 8280 MacArthur Blvd., located in the Central City East Redevelopment Project Area from Yan Li Liang for \$230,000, less the cost of any environmental site remediation, and authorizing up to \$15,000 in closing costs, and \$50,000 in demolition costs.

Respectfully submitted,



Walter S. Cohen, Director  
Community and Economic Development Agency

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

Reviewed by: Frank Fanelli, Manager  
Real Estate Division

Prepared by: Ava M. Jourdain, Real Estate Agent  
Real Estate Division

**APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:**

  
\_\_\_\_\_  
Office of the Agency Administrator

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CED Committee  
February 8, 2011

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APPROVED AS TO FORM AND LEGALITY:

  
Agency Counsel

D. Aron  
Miller

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. \_\_\_\_\_ C.M.S.

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**AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 8280 MACARTHUR BOULEVARD IN THE CENTRAL CITY EAST REDEVELOPMENT PROJECT AREA FROM YAN LI LIANG FOR \$230,000, LESS THE COST OF ANY ENVIRONMENTAL SITE REMEDIATION, AND AUTHORIZING UP TO \$15,000 FOR REAL ESTATE CLOSING COSTS, AND \$50,000 FOR DEMOLITION COSTS**

**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 Project Area; and

**WHEREAS**, the Redevelopment Agency is implementing projects in the Central City East Redevelopment Project Areas as part of its Redevelopment Plan to improve the Redevelopment Areas; and

**WHEREAS**, Section 33391 of the California Community Redevelopment Law (the "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 8280 MacArthur Boulevard (Assessor's Parcel Number 043A-4644-026) (the "Property") is in the Central City East Redevelopment Project Area and is further identified in *Exhibit A* attached to this Resolution; and

**WHEREAS**, the Property, consisting of a vacant 3,500 square foot, four (4) unit apartment building on a lot with a land area of 6,720 square feet, is currently underutilized; and

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

**WHEREAS**, Sections 33413 and 33413.5 of the Redevelopment Law require that units to be demolished be replaced, and that a housing replacement plan be presented to and adopted by the Agency; and

**WHEREAS**, Yan Li Liang, the owner, offered to sell the Property to the Agency at market value of \$230,000, 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 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 purchase and sale agreement with the owner of the Property to acquire the Property for \$230,000, less any site remediation costs; and

**WHEREAS**, the cost of real estate closing is estimated to be \$15,000; and

**WHEREAS**, the cost of demolition of the building is estimated to be \$50,000; and

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

**WHEREAS**, 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), CCE Land Acquisition Project (S233351); and

**WHEREAS**, the Central City East Redevelopment Project Area Committee has recommended that the Agency acquire 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 an agreement for the purchase of the Property for the price of \$230,000, minus the cost of any site remediation; and be it

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

1. That the funding of the acquisition of the Property 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 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 Redevelopment Project Area and will assist in the elimination of blight in the Project Areas by redeveloping underutilized parcels; and be it

**FURTHER RESOLVED**, That a replacement housing plan shall be presented to the Agency for approval prior to execution of the purchase and sale agreement with Yan Li Liang, and replacement units shall be provided as required by Section 33413 of the Redevelopment Law; and be it

**FURTHER RESOLVED,** That up to \$15,000 is hereby authorized for real estate closing costs; and be it

**FURTHER RESOLVED,** That up to \$50,000 is hereby authorized for demolition costs; and be it

**FURTHER RESOLVED,** That funds in the amount of \$ 295,000 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), for this purpose; 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 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 acquisition consistent with this Resolution and its basic purposes; and be it

**FURTHER RESOLVED,** That Agency Counsel shall review and approve all agreements and other documents related to this acquisition as to form and legality, and a copy shall be placed on file in the Office of the Agency Secretary.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2011

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-








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

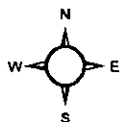
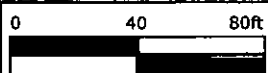
# 8280 MacArthur Blvd

## Exhibit A



### Legend

-  Selected Features
-  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.

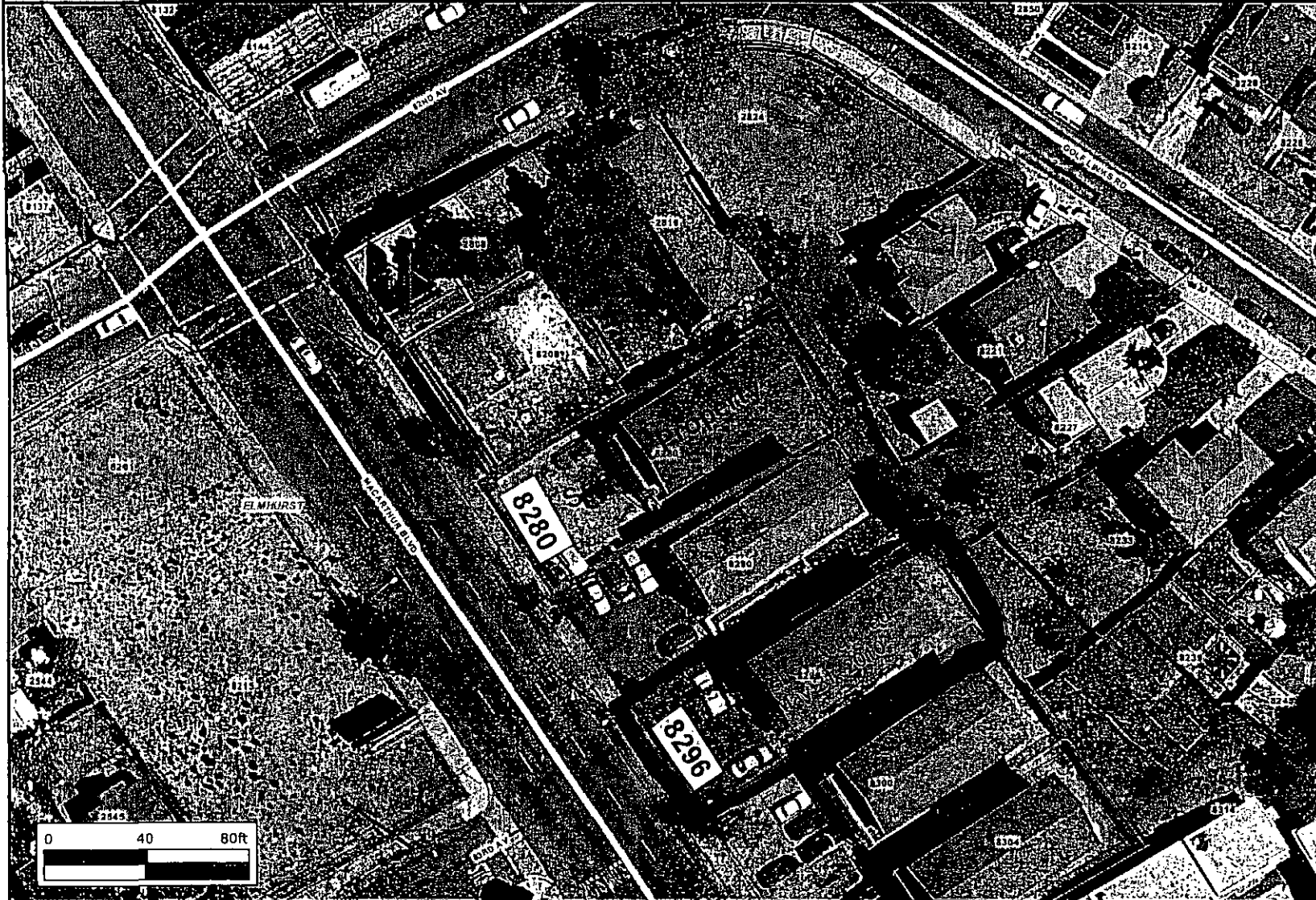
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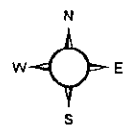
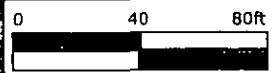
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