

**CITY OF OAKLAND**  
**AGENCY AGENDA REPORT**

OFFICE OF THE CITY CLERK  
OAKLAND  
04 SEP -1 PM 5: 04

TO: Office of the Agency Administrator  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development  
DATE: September 14, 2004

RE: **RESOLUTION AUTHORIZING THE OAKLAND REDEVELOPMENT AGENCY TO PURCHASE REAL PROPERTIES KNOWN AS THE HOTEL WESTERNER, LOCATED AT 1920 SAN PABLO AVENUE (ASSESSOR'S PARCEL NO. 008-0643-006), 1954 SAN PABLO AVENUE (ASSESSOR'S PARCEL NO. 008-0644-021), AND 610 WILLIAM STREET (ASSESSOR'S PARCEL NO. 008-0644-020) TOGETHER WITH THE PURCHASE OF FURNITURE, FIXTURES, AND EQUIPMENT PERTAINING TO THE REAL PROPERTY FOR THE TOTAL SUM OF \$1,530,570, PLUS CLOSING COSTS NOT TO EXCEED \$69,430, FOR A TOTAL COST NOT TO EXCEED \$1,600,000.**

**SUMMARY**

The Redevelopment Agency's ("Agency") acquisition of 1920 San Pablo Avenue (Assessor's Parcel No. 008-0643-006), 1954 San Pablo Avenue (Assessor's Parcel No. 008-0644-021), 610 William Street (Assessor's Parcel No. 008-0644-020) and Furniture, Fixtures and Equipment ("FF&E") is necessary for the development of the proposed Uptown Project. The Agency has previously acquired numerous properties for development in the Uptown Area. The acquisition of these properties is consistent with the Agency's overall objective of ownership and control in the Uptown area in order to provide the developer of the Uptown Project with site control at the earliest possible time.

The properties consist of three parcels in the Uptown Project Area. The first parcel at 1920 San Pablo is improved with a two-story commercial building, that features 19 single room occupancy (SRO) dwelling units and a commercial store with a total gross building area of 10,000 square feet, which was constructed in 1930-1940. The second parcel at 1954 San Pablo houses a two-story commercial building with 15 SROs and two commercial stores on the ground floor with a total gross building area of 9,205 square feet. The third parcel at 610 William Street is a vacant lot with land area of 2,200 square feet. The properties were appraised and an offer to purchase at the appraised fair market value of \$1,530,570 was made to the property owners. The Agency has reached an agreement to acquire the properties at its appraised fair market value of \$1,530,570. The Agency will also have to cover closing costs of up to \$69,430. In order to complete this critical acquisition, the Agency will purchase the subject properties in an "As-Is" condition and will hold the owners harmless regarding the possible risks involving hazardous material present below the surface and in the above ground structures.

Staff recommends adoption of a Resolution that authorizes the Agency to purchase real property located at 1920 San Pablo Avenue (Assessor Parcel No. 008-0643-006), 1954 San Pablo Avenue

(Assessor Parcel No. 008-0644-021), 610 William Street (Assessor Parcel No. 008-0644-020) and FF&E for \$1,530,570, plus the closing costs of up to \$69,430. Adoption of this Resolution satisfies Mayor and City Council Priority Goal #2 (Develop a Sustainable City) and Goal #3 (Improve Oakland Neighborhoods).

**FISCAL IMPACT**

Funding for the acquisition of the properties and FF&E is available from the Central District Capital Budget, Uptown Project (Fund 9516, Org. 94800, Project P221520). The acquisition of the real property and FF&E and closing costs will be in an amount not to exceed \$1,600,000 which is estimated as follows:

Real property acquisition:	
1920 San Pablo Avenue - Property	\$ 620,000
1954 San Pablo Avenue - Property	\$ 750,000
610 William Street - Property	\$ 110,000
Fixture Furniture & Equipment	\$ 50,570
<u>Estimated closing costs and related expense</u>	<u>\$ 69,430</u>

Total acquisition costs not including relocation expenses: \$1,600,000

The properties were appraised and an offer to acquire the property at its appraised fair market value of \$1,530,570 was made to the property owners. The residential and business tenants at the subject properties are entitled to relocation benefits under the state and federal relocation laws. The affected occupants are entitled to relocation advisory assistance and benefit payments that will enable them to relocate to a suitable replacement location. Overland, Pacific & Cutler, Inc. ("OPC") is under contract with the Agency to update the residential portion of the relocation plan. Relocation assistance benefits will be provided to the tenants as required by law and are separately budgeted by the Agency.

**BACKGROUND**

In July, 2004, the Agency and City approved the general terms of a Lease Disposition and Development Agreement whereby Uptown Partners, LLC plans to develop the Uptown Project as a mixed-use project with 700 rental housing units that will be located in an area bound by 19th Street, Thomas L. Berkley Way, Telegraph Avenue and San Pablo Avenue. The subject properties are located in the Uptown Project area, approximately six blocks north of Oakland's Central Business District, one block west of Telegraph Avenue and four blocks from Oakland City Hall, the State of California and Federal government buildings. The buildings on the properties contain a gross area of 19,214 square feet on three parcels totaling 12,799 square feet. The Agency desires to acquire the properties for the proposed Uptown Project.

The Agency has been in negotiations to acquire the subject parcels from the Feldstein Family for the past five years. The subject parcels are located within two different blocks in the Uptown Project Area and the completion of the acquisition will further the Agency's objective in gaining

full site control in the Project Area. The potential expense to the Agency would likely be significantly higher if the Agency decided to acquire the property through a condemnation proceeding. Therefore, it is in the Agency's best interest to acquire the property at the appraised sales price via a friendly acquisition.

The Agency has conducted numerous tests for hazardous materials present beneath the surface and in the above ground structures in the Uptown Area in the past three years. The subject properties have been the subject of several comprehensive tests for subsurface and above ground hazardous material contamination. The tests results have shown no significant contamination in subsurface area nor in the buildings. Based on the Agency's due diligence and testing results, staff believes that the Agency has limited exposure to future risks and liabilities from government agencies or other third parties.

### **KEY ISSUES AND IMPACTS**

Site control is one of the key impediments in the implementation of future redevelopment in the Uptown area. Time is of the essence. The acquisition of the subject properties will add three more parcels to the site assemblage in the Uptown area. Since this is a friendly acquisition, the Agency will also save financial resources by avoiding potentially expensive and costly litigation.

The Agency has completed its due diligence by conducting hazardous material tests on subsurface and surface structures in the Uptown Area. The test results for the subject properties have indicated non-significant levels of hazardous materials both above and below surface. The Agency's due diligence and test results indicate that the Agency has limited exposure for potential clean-up. Based on the test findings and hazardous materials risk analysis the Agency has determined that we should enter into the Purchase and Sales Agreement with the property owners. The agency will purchase the properties by holding the owners harmless and accepting the parcels in an "as is" condition to facilitate a quick transaction, therefore capping the acquisition cost and eliminating the risk exposure of a jury trial if acquired via condemnation.

### **SUSTAINABLE OPPORTUNITIES**

Economic: The acquisition of these properties will ultimately contribute to a redevelopment infill project, which will take blighted and underutilized sites and turn them into a large-scale housing and mixed-use project which will contribute to job creation, new retail openings and increased tax revenue for the City. The completion of the project will create a large residential community in the downtown area, which will in turn increase retail spending in the area.

Environmental: The excellent location of the Uptown area in proximity to major public transportation nodes will likely encourage use of BART and AC Transit by project residents and retail customers, which will ease general pressure on the region's congested transportation infrastructure. Lastly, the development of a large, mixed-use project in the area will be required to incorporate green building techniques into design and construction.

Social Equity: The Agency will also require that any housing development in the Uptown Area provide at least 20 percent affordable housing. This requirement is designed to attract a socio-economically diverse population to the downtown.

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

Where persons being displaced are either senior citizens and/or disabled, relocation services will assure appropriate relocation opportunities in full compliance with the Americans with Disabilities Act, the Older Americans Act, as well as other applicable laws.

### **RECOMMENDATION**

Staff recommends that the Agency Administrator approve the Resolution authorizing the Agency to purchase real properties at 1920 San Pablo Avenue (Assessor Parcel No. 008-0643-006), 1954 San Pablo Avenue (Assessor Parcel No. 008-0644-021), 610 William Street (Assessor Parcel No. 008-0644-020) and Furniture, Fixture and Equipment ("FF&E") for \$1,530,570, plus closing costs not to exceed \$69,430, for a total cost not to exceed \$1,600,000.

### **ACTION REQUESTED OF THE AGENCY ADMINISTRATOR**

Staff recommends adoptions of the Resolution that authorizes the Agency to purchase real properties located at 1920 San Pablo Avenue (Assessor Parcel No. 008-0643-006), 1954 San Pablo Avenue (Assessor Parcel No. 008-0644-021), 610 William Street (Assessor Parcel No. 008-0644-020) and Furniture, Fixture and Equipment ("FF&E") for \$1,530,570, plus closing cost not to exceed \$69,430, for a total cost not to exceed \$1,600,000.

Respectfully submitted,



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Daniel Vanderprieem, Director, Redevelopment,  
Housing and Economic Development  
Community and Economic Development Agency

Forwarded by:  
Frank Fanelli, Manager  
CEDA, Real Estate Services

Prepared by:  
Hamid Ghaemmaghani, Real Estate Agent  
CEDA, Real Estate Services

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE

  
OFFICE OF THE AGENCY ADMINISTRATOR

*D. Mulvaney*

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

**REDEVELOPMENT AGENCY  
OF THE CITY OF OAKLAND**

04 SEP -1 PH 5:04

Resolution No. \_\_\_\_\_ C.M.S.

**RESOLUTION AUTHORIZING THE OAKLAND REDEVELOPMENT AGENCY TO PURCHASE REAL PROPERTIES KNOWN AS THE HOTEL WESTERNER, LOCATED AT 1920 SAN PABLO AVENUE (ASSESSOR'S PARCEL NO. 008-0643-006), 1954 SAN PABLO AVENUE (ASSESSOR'S PARCEL NO. 008-0644-021), AND 610 WILLIAM STREET (ASSESSOR'S PARCEL NO. 008-0644-020) TOGETHER WITH THE PURCHASE OF FURNITURE, FIXTURES, AND EQUIPMENT PERTAINING TO THE REAL PROPERTY FOR THE TOTAL SUM OF \$1,530,570, PLUS CLOSING COSTS NOT TO EXCEED \$69,430, FOR A TOTAL COST NOT TO EXCEED \$1,600,000.**

**WHEREAS**, the real property located at 1920 San Pablo Avenue (Assessor's Parcel No. 008-0643-006), 1954 San Pablo Avenue (Assessor's Parcel No. 008-0644-021), and 610 William Street (Assessor's Parcel No. 008-0644-020), the legal descriptions of which are attached as Exhibit "A", along with the furniture, fixtures and equipment located on the Property (collectively the "Property") is situated within the Uptown Project area; and

**WHEREAS**, David M. Smith and Florence Smith, Trustees of the Smith Family Trust dated August 18, 1998, as to an undivided 1/3 interest, and Beatrice Feldstein, as to an undivided 1/3 interest, and Kenneth D. Feldstein, Trustee of the Trust of Kenneth and Nancy Feldstein, dated November 20, 2003, as to an undivided 1/3 interest, are the owners of the abovementioned parcels (collectively "Seller"), and wish 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 Uptown Redevelopment Project area; and

**WHEREAS**, the Agency wishes to acquire the Property for landbanking purposes and funding is available from Central District Capital Budget (Fund 9516, Org. 94800, Project P221530); and

**WHEREAS**, environmental assessments performed on the Property identified minimal potential site specific environmental liabilities that are acceptable to the Agency; and

**WHEREAS**, because of the minimal potential site specific environmental risks, the Agency is willing to indemnify the Seller for environmental liabilities related to the Property as described in the accompanying agenda report for this matter; and

**WHEREAS**, the Agency has previously appropriated funds necessary to relocate the occupants of the Property as required by law; and

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**COMMUNITY & ECONOMIC  
DEVELOPMENT CMTE**  
SEP 14 2004

**WHEREAS**, the Agency has negotiated the Purchase and Sales Agreement of the Property whereby the Seller will sell and the Agency will hold the Seller harmless for hazardous materials in subsurface and above ground improvements, and will acquire the Property in an "as is" condition for \$1,530,570, plus closing costs not to exceed \$69,430; now therefore be it

**RESOLVED:** That the Agency hereby finds and declares that the requirements of the California Environmental Quality Act (CEQA) of 1970, the State CEQA Guidelines, and the City CEQA Procedures have been satisfied, and that a focused Environmental Impact Report (EIR) was prepared and certified for the proposed Uptown Project in 2004, and the Agency relied upon the previously approved environmental documents; and be it

**FURTHER RESOLVED:** That the Agency hereby authorizes and directs the Agency Administrator to execute a Purchase and Sales Agreement for the purchase of the Property for \$1,530,570, including a provision whereby the Agency indemnifies the Seller for environmental liability as described in the agenda report for this item, plus closing costs not to exceed \$69,430; and be it

**FURTHER RESOLVED:** That the funds for the acquisition of the Property and closing costs are available from Fund 9516, Org. 94800, Account 57211, Project P221530; and be it

**FURTHER RESOLVED:** That the Agency Administrator is authorized and directed to take any and all actions necessary to complete the transfer and acceptance of title to the Property on behalf of the Agency; and be it

**FURTHER RESOLVED:** That the Agency Administrator or her designee is authorized to take all actions necessary to carry out the intent of this Resolution and to complete the transaction; and be it

**FURTHER RESOLVED:** That the Agency Counsel shall review and approve as to form and legality all documents and agreements necessary to purchase the Property.

**IN AGENCY, OAKLAND, CALIFORNIA PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, BRUNNER, CHANG, NADEL, REID, QUAN, WAN, AND CHAIR PERSON DE LA FUENTE

NOES-  
ABSENT-  
ABSTENTION-

ATTEST:

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CEDA FLOYD  
Secretary to the Redevelopment Agency  
of the City of Oakland, California

**COMMUNITY & ECONOMIC  
DEVELOPMENT CMTE**  
SEP 14 2004

I hereby certify that the foregoing is a full, true and correct copy of a  
**Resolution** passed by the **Redevelopment Agency** of the City of Oakland  
on

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CEDA FLOYD

CITY CLERK AND CLERK OF THE REDEVELOPMENT AGENCY

PER \_\_\_\_\_

DEPUTY

TRW-REDI

1-800-245-7334

Code Area No. 17-022

SCALE IN 1/10 OF AN INCH

643

# ASSESSOR'S MAP 8

Map of Oakland and vicinity showing plan of Streets  
as established and proposed; compiled from official  
Surveys and records of the County, as per W.E. Boardman,  
City and County Surveyor (S.K.T. 55-14)

Page 2

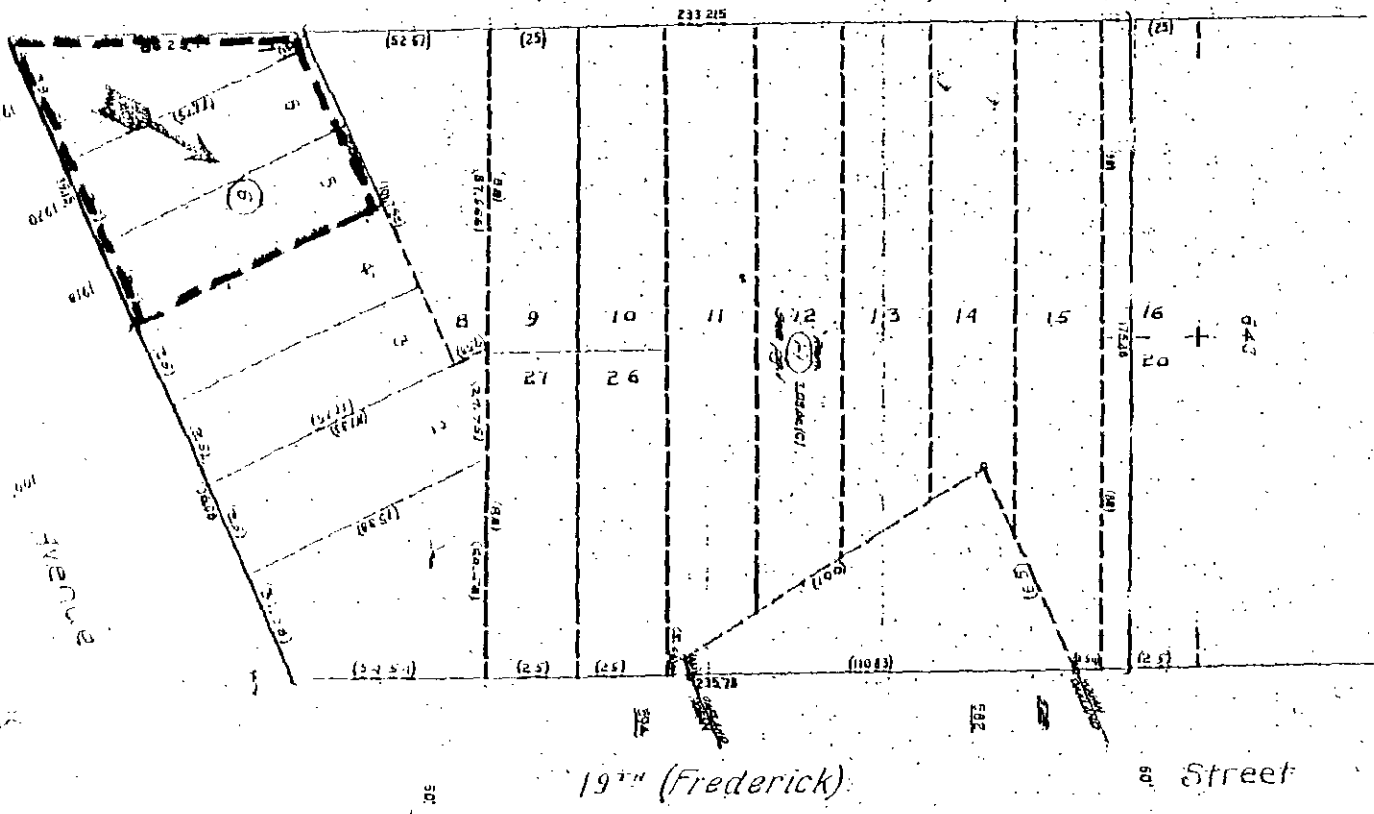
Map of the Hogan Tract (S.K.T. 29-12)

Scale 1 in = 30 ft.

# EXHIBIT 'A'

William (19<sup>th</sup>) Street

19<sup>th</sup> (Frederick) Street



## NOTICE

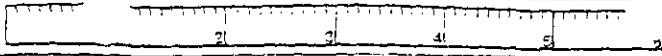
THIS MAP MAY OR MAY NOT BE A SURVEY OF THE LAND DE-  
PICTED HEREON. IT IS NOT TO BE RELIED UPON FOR ANY  
PURPOSE OTHER THAN ORIENTATING ONE'S SELF AS TO THE  
GENERAL LOCATION OF THE PARCEL OR PARCELS OF INTEREST.  
FIRST AMERICAN TITLE COMPANY ASSUMES NO LIABILITY FOR  
LOSS OR DAMAGE RESULTING FROM RELIANCE THEREON.

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REV. 3 31 76 UEB





ASSESSOR'S MAP 8

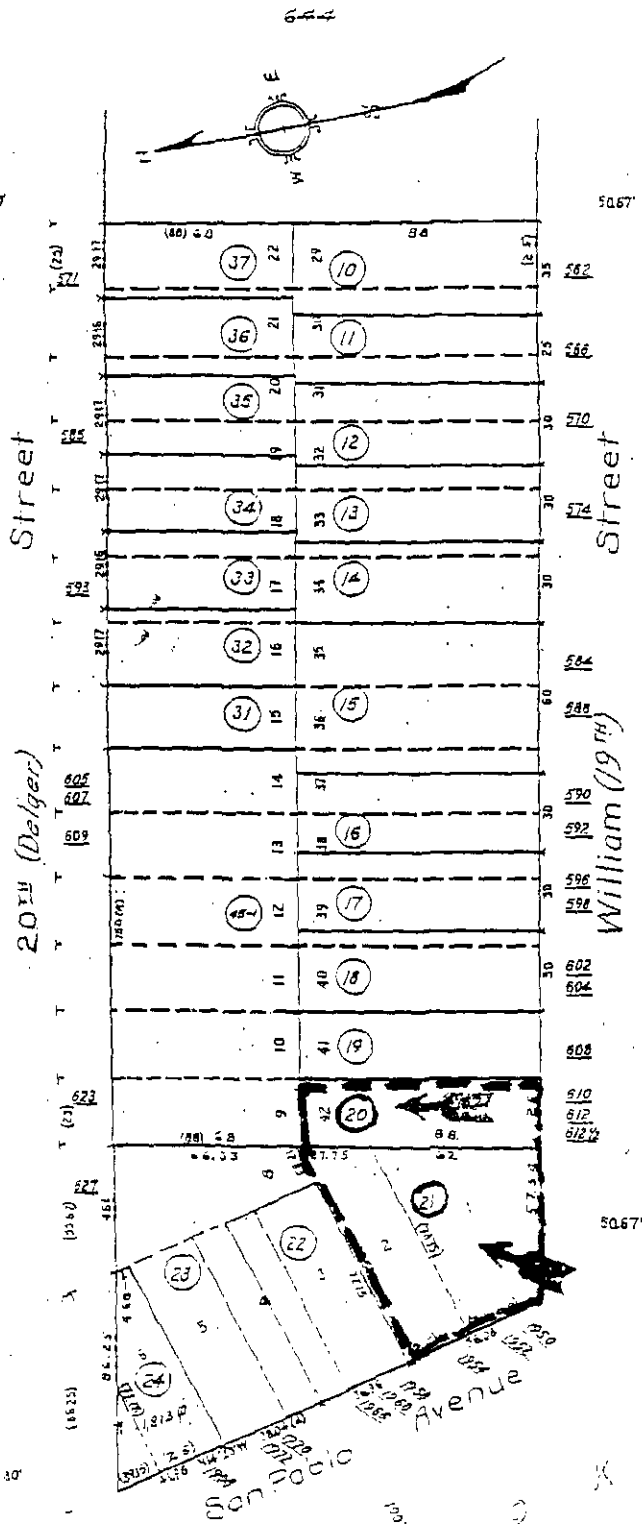
644  
2002

Map of the Hogan Tract (3rd Pgs. 2)

Scale 1 in = 40 ft

Revised 1-27-2001  
5-11-2002  
5-11-2002

645



**NOTICE**

THIS MAP MAY OR MAY NOT BE A SURVEY OF THE LAND DE-  
PICTED HEREON. IT IS NOT TO BE HELD UPON FOR ANY  
PURPOSE OTHER THAN ORIENTATING ONE'S SELF AS TO THE  
GENERAL LOCATION OF THE PARCEL OR PARCELS OF INTEREST.  
FIRST AMERICAN TITLE COMPANY ASSUMES NO LIABILITY FOR  
LOSS OR DAMAGE RESULTING FROM RELIANCE THEREON.

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## LEGAL DESCRIPTION

Real property in the City of Oakland, County of Alameda, State of California, described as follows:

### PARCEL ONE:

Beginning at a point on the Eastern line of San Pablo Avenue, distant thereon one hundred six feet, one inch, Northerly from the point of intersection thereof with the Northern line of 19th Street, formerly Frederick Street; running thence Northerly along said line of San Pablo Avenue, Fifty feet; thence at right angles Easterly, Seventy-Seven feet, Nine inches; thence Southerly and parallel with San Pablo Avenue, Fifty feet; and thence at right angles Westerly, Seventy-Seven feet, Nine inches, to the point of beginning.

Being Lots Numbered 5 and 6, in Block Numbered 2001, as said Lots and Block are delineated and so designated upon that certain Map entitled "Hogan Tract" etc., filed June 19, 1876, in the Office of the County Recorder of Alameda County.

APN: 008-0643-006 (portion)

### PARCEL TWO:

Beginning at a point on the Northeasterly line of San Pablo Avenue, distant thereon Northwesterly One Hundred Fifty-Six (156) feet One (1) inch from the point of intersection thereof with the Northerly line of 19th Street, formerly Frederick Street, as said avenue and street are shown on the map hereinafter referred to; running hence at right angles Northeasterly Seventy-Seven (77) feet, Nine (9) inches; running thence at right angles Northwesterly Two (2) feet, Six (6) inches to a point on the Southerly line of William Street, formerly 19th Street, as said street is shown on said map hereinafter referred to; running thence Westerly along said line of William Street Eighty-Six (86) feet, Three (3) inches to the said Northeasterly line of San Pablo Avenue; running thence Southeasterly along said line of San Pablo Avenue Thirty-Nine (39) feet, One and three-fourths (1-3/4) inches to the point of beginning.

Being Lot No. 7 in Block No. 2001, as said lot and block are delineated and so designated upon that certain map entitled "Hogan Tract, Oakland, Alameda County, State of California", filed June 19, 1876, in Liber 2 of Maps, Page 2, in the Office of the County Recorder of said Alameda County.

APN: 008-0643-006 (remainder)

### PARCEL THREE:

Lot 42, in Block 2002, as said Lot and Block are shown on the Map of "Hogan Tract", Alameda County, California", filed June 19, 1876, in Book 2 of Maps at Page 2, in the office of the County Recorder of Alameda County.

APN: 008-0644-020

PARCEL FOUR:

Lots 1 and 2, in Block 2002 as said Lots and Block are delineated and so designated upon that certain Map entitled, "Hogan Tract, Oakland, Alameda County, State of California", filed June 19, 1876, in Liber 2 of Maps, Page 2, in the office of the County Recorder of Alameda County.

APN: **008-0644-021**