

**REDEVELOPMENT AGENCY
AND THE CITY OF OAKLAND**

FILED
OFFICE OF THE CLERK
OAKLAND

AGENDA REPORT

2010 JAN 28 PM 4:39

TO: Office of the City/Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: February 9, 2010

RE: An Agency Resolution Authorizing The Purchase Of Real Property At 8296 MacArthur Blvd In The Central City East Redevelopment Project Area, From US Bank National Association, For \$201,000, 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

SUMMARY

The City of Oakland Redevelopment Agency ("Agency") is proposing to purchase the bank owned Real Estate Owned (REO) property located at 8296 MacArthur Blvd (APN 043A-4644-028) for \$201,000 from US Bank National Association. The 82nd 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 properties such as 8296 MacArthur Blvd and change the use of the property.

FISCAL IMPACTS

Funds are available for the purchase of the 8296 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 (S233351).

BACKGROUND

The MacArthur 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 continued on a downward spiral. Most recently in 2008, there were several shootings and three homicides inside of or in front of apartment buildings located at 82nd and MacArthur. Tragically, it was in these properties that a 21 year-old mother was murdered when she was struck by stray bullets while asleep in her apartment. Only a few months after this incident an 18 year old pregnant mother and her unborn baby were killed while standing in front of the properties.

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As a result of these violent incidents, a series of meetings were held to address the violent activity that continues to occur at these properties. Participants included religious leaders, community activists, representatives 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 are less likely to attract crime.

KEY ISSUES AND IMPACTS

The four (4) unit subject property containing a building size of approximately 3,500 s.f. with a lot size of approximately 6,400 s.f. is one of several blighted apartment buildings that have been the source of significant criminal activity near the intersection of 82nd Avenue and MacArthur Boulevard, a major corridor in East Oakland. The property is vacant and presently owned by US Bank National Association. The property has been appraised. The purchase price of \$201,000 is representative of the appraised fair market value. The Redevelopment Agency plans to demolish the subject property. The remaining blighted apartment buildings are also slated for purchase and demolition. The subject property and the three contiguous properties will be held for future redevelopment purposes. 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 outcry for help became strong in 2008 after two young adults and one unborn child were killed in or near the apartment buildings within a short time span. 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.

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 8296 MacArthur Boulevard site will clean up 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.

RECOMMENDATIONS AND RATIONALE

The Agency is requested to adopt the Resolution authorizing the purchase of real property at 8296 MacArthur Boulevard located in the Central City East Redevelopment Project Area for \$201,000, 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.

ACTION REQUESTED OF THE AGENCY

Council is requested to adopt the Resolution authorizing the purchase of real property at 8296 MacArthur Blvd in the Central City East Redevelopment Project Area from US Bank National Association located for \$201,000, 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
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OAKLAND

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APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 8296 MACARTHUR BOULEVARD IN THE CENTRAL CITY EAST REDEVELOPMENT PROJECT AREA FROM US BANK NATIONAL ASSOCIATION FOR \$201,000, 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 Area as part of its Redevelopment Plan to improve the Redevelopment Areas; 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 8296 MacArthur Boulevard (Assessor's Parcel Number 043A-4644-028) (the "Property") is in the Central City East Redevelopment Project Area and is further identified in *Exhibit A* to this Resolution; and

WHEREAS, the Property, consisting of a vacant four (4) unit apartment building with a total of approximately 3,500 square feet, and a vacant lot with a land area of 6,400 square feet, is currently blighted and 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, US Bank National Association, the owner, offered to sell the Property to the Agency at market value of \$201,000, 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 \$201,000, 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 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 \$201,000, 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 Project Area and will assist in the elimination of blight in the Project Area by redeveloping underutilized parcels; 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 \$ 201,000 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, _____, 2010

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

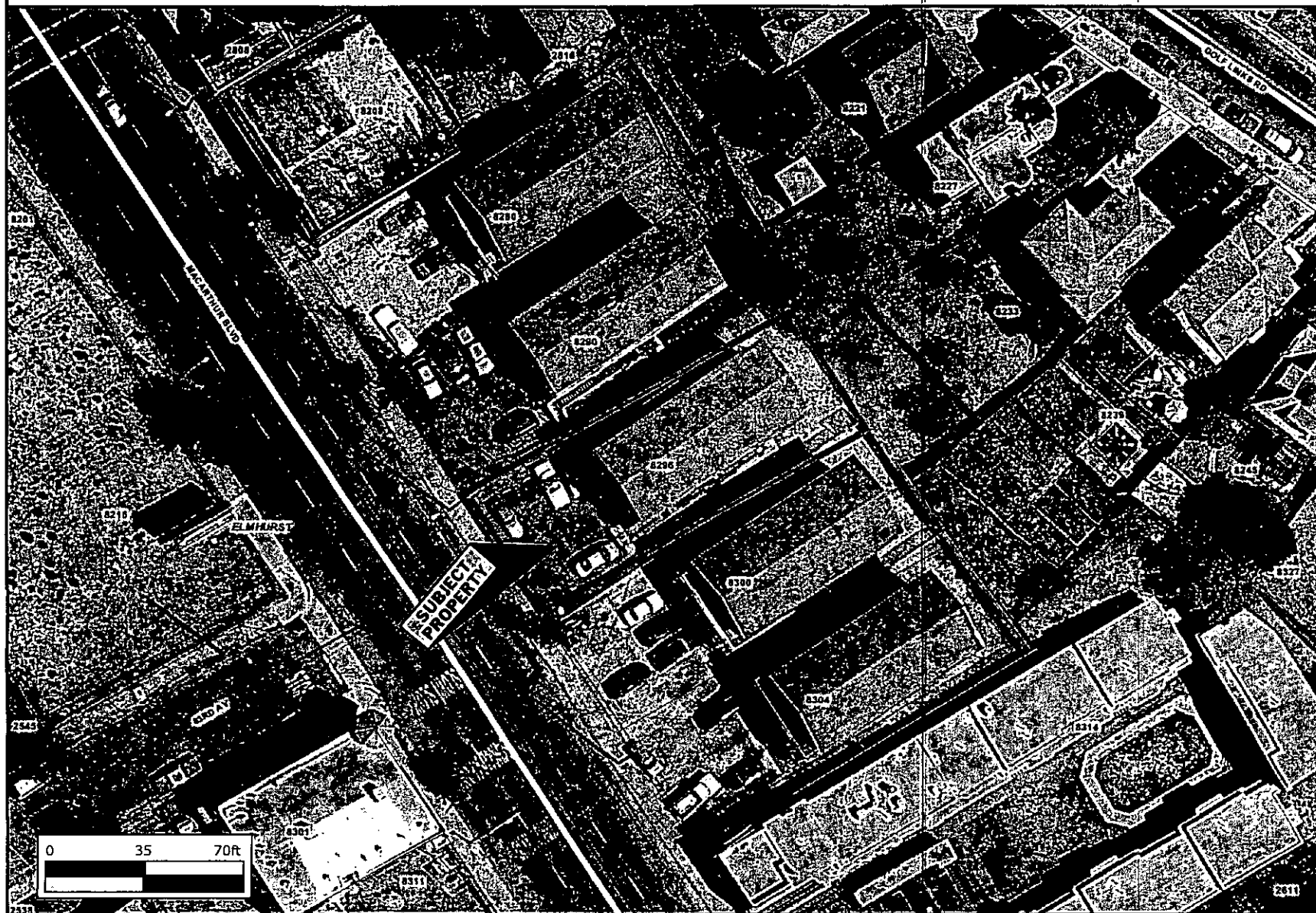
ABSTENTION-

ATTEST: _____










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

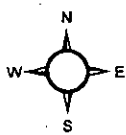
Exhibit A

8296 MacArthur Blvd -----



Legend

-  Selected Features
-  City Limits
-  Wildfire Assessment District
-  Parcels
-  Freeways
-  Major Sts
-  Streets
-  Water
-  Land



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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