

REDEVELOPMENT AGENCY

OF THE CITY OF OAKLAND

AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 SEP 15 PM 1:11

TO: Office of the Agency Administrator
ATTN: Deanna J. Santana
FROM: Community and Economic Development Agency
DATE: September 27, 2011

RE: Agency Resolution Authorizing The Sale Of Surplus Vacant Land
Containing 9,385 Square Feet Located Adjacent to 980 8th Street Assessor
Parcel Number 004-0007-001-01 To The Abutting Property Owner 5500
Foothill Association, LLC For The Appraised Value of \$130,000 And
Authorizing Seller Financing Of The Transaction

SUMMARY

Staff is requesting the approval of the Agency Board for the sale of an Agency-owned vacant lot containing approximately 9,385 square feet. The lot is an excess remnant parcel located adjacent to 980 – 8th Street, identified as Assessor Parcel Number 004-0007-001-01, in *Exhibit A* of the Resolution (“the Property”). The buyer is 5500 Foothill Association, LLC, the abutting property owner. They will purchase the lot for the total Fair Market Value of one hundred thirty thousand dollars (\$130,000). The buyer’s cash down payment is \$10,000. The Agency will carry a note for the remainder of the purchase price, loan fees and closing cost. The note will be secured by a deed of trust against the subject Property and the loan will be underwritten by the Oakland Business Development Corporation.

FISCAL IMPACT

This is an Agency action and there will be no direct fiscal impact on the City’s General Fund from the sale. But the property will generate approximately \$1,500 annually in property taxes and since the Acorn Redevelopment Area has reached its tax increment limit, the City should collect approximately \$500 per year in property taxes. The Agency will generate \$1,541.50 per month for 10 years from a note secured by a deed of trust against the subject Property in the amount of \$125,680. The buyer’s financing terms are as follows:

1. Loan amount: \$125,680
2. Term: 10 years
3. Amortization: 10 years
4. Interest rate: 8.25%
5. Monthly payment: \$1,541.50 (annually \$18,498)
6. Down payment: \$10,000
7. Escrow & Title: \$2,626
8. Loan fees: \$3,044

Item: _____

Community and Economic Development Committee
September 27, 2011

The Agency will also save on the ongoing maintenance costs associated with the upkeep of the property. The purchaser will be responsible for all escrow fees, transfer tax, closing costs and liability exposure.

BACKGROUND

The Agency-owned subject Property is located in West Oakland in the Acorn Redevelopment Area. It consists of a single "L" shaped parcel on a level lot which is +/-9,385 square feet. The parcel is located on 8th Street between Filbert Street, 827 Myrtle Street and 980 8th Street. The zoning is RM-1. The parcel has an improved parking lot and landscaping that is used by the buyer for their business. Patrons of the mortuary use the parking lot while attending funeral services.

Prior to November 8, 2006 the mortuary was owned by Williams Acquisition Corporation who leased the abutting "L" shaped Property from the Redevelopment Agency. The monthly rent was \$3,080. The annual rent was \$36,960. The annual rent was based on a 9.7263% rate of return when the "L" shaped lot had a market value of \$380,000. On November 9, 2006 Williams Acquisition Corporation sold the mortuary to 5500 Foothill Association, LLC who is the current owner and occupant. Real Estate staff has been trying to negotiate the sale of the "L" shaped lot to 5500 Foothill Association, LLC since they took ownership. If the Agency were to rent the "L" shaped Property to 5500 Foothill Association, LLC using the same rate of return and the current market value of \$130,000, the monthly rent would be \$1,053.68. The annual rent would be \$12,644.

This is a small remainder site from the Bayporte assisted ownership housing project which developed 67 detached single family homes. The Agency originally purchased the site in 1969 when the area was first redeveloped as Acorn, an assisted affordable rental housing community. The neighboring mortuary was built in 1959 and was left in place when the rest of the block was redeveloped. The small strip on both sides of the mortuary was left as a transitional space to be used for parking for the existing mortuary when the rest of the block was redeveloped.

KEY ISSUES AND IMPACTS

The sale of the property will relieve the Agency of ongoing liability and maintenance costs and will return the property to the tax rolls. There are no Agency subsidies involved in the sale of the real property. Selling this property will maximize the Agency's economic and non-economic return and reduce future litigation exposure.

The Agency has determined that calling for bids on a competitive basis is impractical because selling the parcel to a third party would hurt the existing business. Also due to the zoning, small size and irregular shape of the parcel it only has significant value to the abutting property owner.

Item: _____

Community and Economic Development Committee
September 27, 2011

Staff recommends adoption of the Resolution authorizing the Agency Administrator to enter into an Agreement with 5500 Foothill Association, LLC for the sale of the subject Property located at Assessor Parcel Number # 004-0007-001-01 for the fair market value of \$130,000.

Due to the current suspension of Redevelopment Agency activities, the Agency will not be able to close the sale until the suspension is lifted.

SUSTAINABLE OPPORTUNITIES

Economic: The sale of this Property will take an underutilized site and produce increased tax revenue for the City.

Environmental: Private ownership of the property will relieve the Agency of ongoing issues of weed abatement and fire suppression.

Social Equity: No social equity issues have been identified.

DISABILITIES AND SENIOR CITIZEN ACCESS

Adoption of this Resolution will have no direct impact on disabled and senior citizen access.

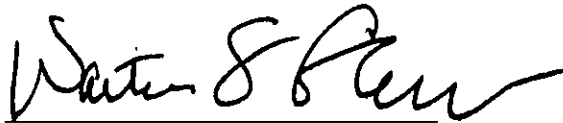
RECOMMENDATION AND RATIONALE

Staff recommends that the Agency Board approve a Resolution authorizing the Agency Administrator to enter into an agreement to sell Agency-owned real property on 8th Street to 5500 Foothill Association, LLC for the fair market value of \$130,000. The Resolution also approves the Agency financing the buyer's purchase of the subject property.

ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY BOARD

The City Council/Agency Board is requested to adopt the Resolution authorizing the Agency Administrator to negotiate and execute an agreement to sell and finance the Agency-owned real property located on 8th Street in the City of Oakland to 5500 Foothill Association, LLC for the total fair market value of (\$130,000) one hundred thirty thousand dollars.

Respectfully submitted,



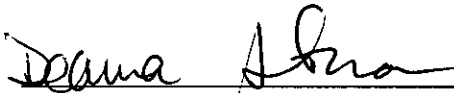
Walter S. Cohen, Director
Community and Economic Development Agency

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

Reviewed by: Frank Fanelli, Manager
Real Estate Services Division

Prepared by: Anthony J. Reese
Real Estate Agent

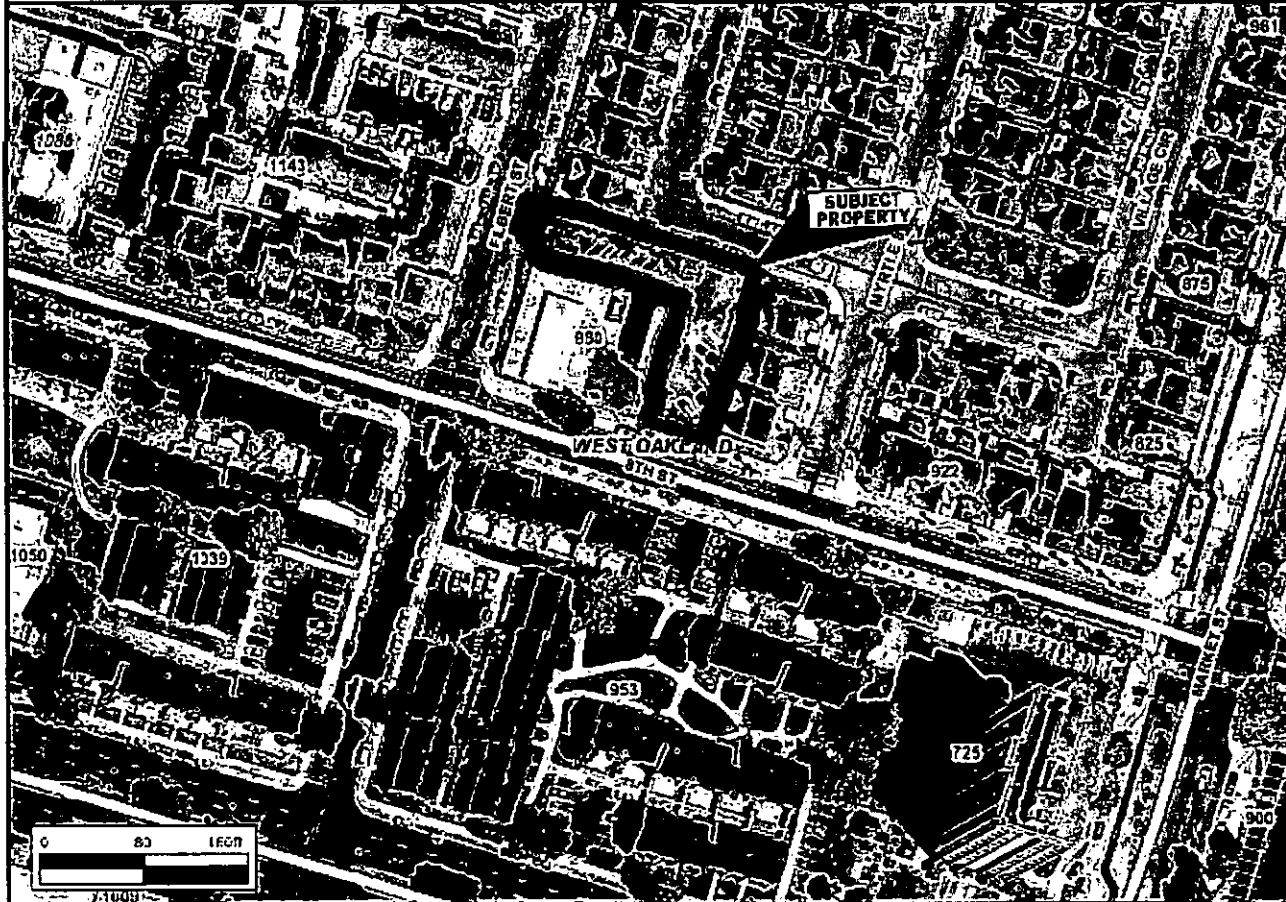
**APPROVED AND FORWARDED TO THE
COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:**



Office of the Agency Administrator

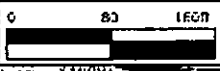
8th St & Filbert St

APN 004-0007-001-01



Legend

- Selected Features
- City Limits
- Parcels
- Freeways
- Major Sts
- Streets
- Water
- 2009
AERIAL PHOTOS



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)236-3011.

Printed: 8/8/2011 3:49:22 PM



FILED
OFFICE OF THE CITY CLERK
OAKLAND

2011 SEP 15 PM 1:11

APPROVED AS TO FORM AND LEGALITY:



Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. _____ C.M.S.

AGENCY RESOLUTION AUTHORIZING THE SALE OF SURPLUS VACANT LAND CONTAINING 9,385 SQUARE FEET LOCATED ADJACENT TO 980 8TH STREET, ASSESSOR PARCEL NUMBER 004-0007-001-01, TO THE ABUTTING PROPERTY OWNER 5500 FOOTHILL ASSOCIATION, LLC, FOR THE APPRAISED VALUE OF \$130,000, AND AUTHORIZING SELLER FINANCING OF THE TRANSACTION

WHEREAS, the Redevelopment Agency ("Agency") owns real property located adjacent to 980 – 8th Street, within the City of Oakland (Assessor Parcel Number 004-0007-001-01), as identified in Exhibit A of the Resolution ("the Property"); and

WHEREAS, the Property is to be sold in its "AS-IS" condition and the Agency makes no representations regarding land use or other permitting issues that may affect the Property; and

WHEREAS, the appraised market value is \$130,000; and

WHEREAS, the Property is a small remainder site from the Bayporte assisted ownership housing project that was purchased by the Agency in 1969 when the area was first redeveloped as Acorn Housing, an affordable rental housing community, and is not suitable for redevelopment; and

WHEREAS, 5500 Foothill Association, LLC, is the owner of the adjacent lot; and

WHEREAS, the Agency has determined that calling for bids on a competitive basis for the sale of the Property is impractical because selling the Property to a third party would hurt the existing adjacent business, and because, due to the zoning, small size and irregular shape of the Property, it only has significant value to the neighboring property owner; and

WHEREAS, the purchaser will pay 10 percent of the purchase price as the down payment and the Agency will carry a note, underwritten by the Agency's Commercial Loan Department, for the remainder of the purchase price; and

WHEREAS, the requirements of the California Environmental Quality Act of 1970 ("CEQA"), the CEQA Guidelines as prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulations of the Agency have been satisfied; now, therefore, be it

RESOLVED: That the Agency hereby authorizes the sale of the Property to 5500 Foothill Association, LLC, for a purchase price not to exceed \$130,000; and be it

FURTHER RESOLVED: That the Agency hereby authorizes a loan to 5500 Foothill Association, LLC, for up to \$125,680, as seller financing for the purchase of the Property at an interest rate of 8.25 percent amortized for 10 years, with the note secured by a deed of trust on the Property; and be it

FURTHER RESOLVED: That the sale of the Property is in the Agency's best interest resulting in creating revenue for the Agency, returning the Property to the tax rolls, and removing the Property from on-going maintenance responsibility; and be it

FURTHER RESOLVED: That the sales proceeds shall be deposited by the Agency into Unrestricted Land Sales Fund (9553), CIP: Economic Development Organization (94800), Surplus Property Account (48111), Undetermined Project (0000000), Real Estate Program (PS32); and be it

FURTHER RESOLVED: That the Agency Administrator or his or her designate is authorized to negotiate and execute a Purchase and Sale Agreement, grant deed, loan documents, and other documents in connection with the sale of the Property and the seller financing, and take any other action with respect to the sale consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That the Agency has independently reviewed and considered this environmental determination, and the Agency finds and determines, based on the information in the staff report accompanying this Resolution, that it can be seen with certainty that there is no possibility that the conveyance of the Property by the Agency to 5500 Foothill Association, LLC may have a significant effect on the environment, and therefore this action complies with the requirements of CEQA, the CEQA Guidelines as prescribed by the Secretary for Resources, and the provisions of the Environmental Review Regulations of the Agency have been satisfied; and be it

FURTHER RESOLVED: The Agency Administrator, or his designee, shall cause to be filed with the County of Alameda a Notice of Exemption and an Environmental Declaration (California Fish and Game Code Section 711.4) for this action; and be it

FURTHER RESOLVED: The Purchase and Sales Agreement and any other documents necessary for the sale and financing of this Property shall be approved as to form and legality by Agency Counsel and a copy shall be filed with the Agency Secretary.

IN AGENCY, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

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

EXHIBIT A

8th St & Filbert St

APN 004-0007-001-01



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)238-3011.

Printed: 05/20/11 3:49:22 PM

