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OFFICE OF THE CITY CLERK
OAKLAND

2009 JAN 29 PM 4:32

**REDEVELOPMENT AGENCY
OF THE CITY OF OAKLAND**
AGENDA REPORT

TO: Office of the Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: February 10, 2009

RE: An Agency Resolution Authorizing The Purchase Of Real Property At 905 66th Avenue, From Alameda-Contra Costa Transit District For \$7,747,102 Less the Cost Of Any Environmental Site Remediation, And Authorizing Up To \$12,000 For Real Estate Closing Costs, \$60,000 For Property Inspection Costs And \$1,000,000 For Demolition Costs

SUMMARY

Approval of the Redevelopment Agency is requested to purchase an estimated 6.3 acre carve out of a larger 16.5 acre parcel located at 905 66th Avenue, Oakland (APN # 041-4056-004 & 041-4056-006 the adjacent 11,000 sq. ft. railroad spur) through a negotiated Real Property Purchase and Sale Agreement. The subject property is owned by Alameda-Contra Costa Transit District (AC Transit) and is located in the Coliseum Redevelopment Project Area. The purpose of this acquisition is for future development of a grocery store and light retail. The Agency will fund the purchase price of \$7,747,102 plus related acquisition costs from the Coliseum Area Tax Allocation 2006B-T Bond Series. Staff recommends the Council adopt the attached Resolution to authorize the acquisition of the 6.3 acre subject property.

FISCAL IMPACT

Staff is proposing the following Agency funding sources for this acquisition: \$7,747,102 minus the cost of any environmental site remediation for the highest and best use, plus real estate closing costs up to \$12,000, plus \$60,000 for site inspection reports and demolition costs of \$1,000,000 will be allocated from the Coliseum Area: Tax Allocation Bond Series 2006B-T (Taxable) Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition –Taxable Bond Project (T315820).

BACKGROUND

The 6.3 acre parcel is located within the Coliseum Redevelopment Project Area. This parcel is currently used for industrial purposes and is zoned for such. The subject land which is currently held by the AC Transit has changed ownership several times over the last 4 years. AC Transit's intent upon purchasing the property was to expand their existing bus storage and service center. Based upon AC Transit's current expansion plans, the entire 16.5 acre parcel is not required and a portion of the larger parcel is being made available to the Agency through negotiated sale.

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The Agency's goal is to develop a 40,000 square feet grocery store at the site. There are no similar services available for the residents in this neighborhood. The subject parcel presents a unique opportunity to gain site control for future redevelopment and the ability to more adequately service the surrounding community.

The Agency's Business Development Division is currently working with a grocery store chain to bring a full service 40,000 sq. ft store to the site. The food chain has chosen Oakland as part of their future store expansion program mainly because of Oakland's diversity and central location.

KEY ISSUES AND IMPACTS

The acquisition of this property is expected to occur prior to April 30, 2009. The total land area for the property is approximately 6.3 acres. The seller has accepted the Agency's purchase offer price of \$7,747,102. The appraised value was \$7.3 million for 5.936 acres or \$28.23 per square foot as indicated in the appraisal report dated October 21, 2008. Since the contract fee appraisal was completed, the Agency negotiated to acquire an additional 15,856 square feet. The increased square footage that the Agency is now acquiring is 274,428 multiplied by \$28.23 per square foot which equals the Agency's purchase offer price of \$7,747,102 which is also the allocated appraised value.

The Agency will pay customary closing costs not to exceed \$12,000. The demolition costs are estimated at approximately \$1,000,000 to demolish two existing industrial buildings. As a part of the sale there will be a limited duration joint access easement on 66th Ave between 939 – 66th Ave. and 983 - 975 – 66th Ave., Oakland, CA. Said easement will terminate after the buildings are demolished by AC Transit. The limited duration access easement will be used by both AC Transit and the Agency / developer for access from 66th Ave.

Included in the sale, AC Transit will acquire the Union Pacific Partial Ownership of the railroad spur and transfer the 11,000 sq. ft. to the Agency. The railroad spur is included with the sales price. The Agency will require that AC Transit address the demolition and environmental remediation cost for the railroad spur prior to transferring the spur to the Agency. The estimated cost for the environmental remediation is to be determined.

PROJECT DESCRIPTION

The address is 905 66th Ave. The cross street is San Leandro Street. The property is a corner lot, flat, with four warehouse buildings totaling 242,155 sq. ft. The sizes of the buildings range from 25,000 sq. ft. to 185,500 sq. ft. The parcel size is 16.5 acres. The Agency is acquiring 274,428 sq. ft. (approximately 6.3 acres) and two buildings totaling 80,450 sq. ft. that will be demolished by the Agency. The parcel is adjacent to rail and BART tracks, which land locks the parcel on

the south and west lot lines. Access will be along 66th Ave. See attached exhibit "A." The property is zoned M-30, General Industrial which permits commercial activity such as a general food store. It is in the Agency's best interest to acquire the subject property at the appraised fair market value to accommodate plans for future redevelopment. The subject parcel presents a unique opportunity to gain site control for future development and the ability to adequately service the surrounding community. The subject property is across the street from Lion Creek Crossing (formerly Coliseum Gardens), a major affordable housing development.

SUSTAINABLE OPPORTUNITIES

Economic: The Agency plans to improve the site for redevelopment to serve the neighborhood. This project will improve neighborhood conditions and thus make the area more attractive to current and prospective residents, as well as businesses that can provide employment within Oakland. By creating an attractive addition to the community, over time the property values will increase and result in increased property tax revenues.

Environmental: Development of the site poses no negative environmental impact. The project will improve the aesthetic street level and aerial views of the corner of 66th Avenue and San Leandro Street. The property will be cleaned of any existing hazard materials and or soils.

Social Equity: Oakland is underserved with retail generally, and grocery in particular. The Agency's effort to control this site is consistent with the goals of the Coliseum Redevelopment Area 5 year implementation plan. The purchase of the Property will enable the Agency to control a corner lot in the Coliseum Redevelopment Project Area.

DISABILITY AND SENIOR CITIZEN ACCESS

The acquisition of the subject property has no direct impact on access by seniors and people with disabilities. The new project will be ADA compliant.


RECOMMENDATION AND RATIONALE

Staff recommends the adoption of the following legislation: A Resolution Authorizing the Purchase of Real Property at 905 66th Avenue, Oakland (APN 041-4056-004 & 041-4056-006) from Alameda-Contra Costa Transit District, for a price of \$7,747,102, plus real estate closing cost of \$12,000, plus \$60,000 for site inspection reports and demolition costs of approximately \$1,000,000. Approving the Resolution will allow the Agency to implement improvements and development in this under served area.

ACTION REQUESTED OF AGENCY

The Agency is requested to adopt the Resolution authorizing the purchase of real property at 905 66th Avenue, Oakland (APN 041-4056-004 & 041-4056-006) from Alameda-Contra Costa Transit District, for a price not to exceed \$7,747,102, plus real estate closing cost, site inspection reports and site demolition costs for a total expenditure of \$8,759,102.

Respectfully submitted,



Dan Lindheim, 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: Anthony J. Reese
Real Estate Agent
Real Estate Services Division

APPROVED FOR FORWARDING TO
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



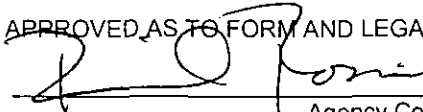
Office of the Agency Administrator

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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 905 66th AVENUE, FROM THE ALAMEDA-CONTRA COSTA TRANSIT DISTRICT FOR \$7,747,102 LESS THE COST OF ANY ENVIRONMENTAL SITE REMEDIATION AND AUTHORIZING UP TO \$12,000 FOR REAL ESTATE CLOSING COST, \$60,000 FOR PROPERTY INSPECTION COSTS AND \$1,000,000 FOR DEMOLITION COSTS

WHEREAS, the Coliseum Redevelopment Plan adopted by the City Council on July 29, 1995, includes alleviation of general blight and unsafe conditions as a goal for the Coliseum area; and

WHEREAS, the Redevelopment Agency of the City of Oakland (the "Agency") is implementing projects in the Coliseum Redevelopment Project Area as part of the Redevelopment Plan to improve the Redevelopment Area; 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 properties located at 905 66th Avenue, Oakland, illustrated in Exhibit "A" attached hereto (Assessor's Parcel Number: 041-0456-004 & 041-4056-006 for the adjacent railroad spur) (together, the "Property") are within the Coliseum Redevelopment Project Area in Oakland; and

WHEREAS, the Property consists of one occupied parcel encompassing approximately 274,428 square feet which is currently blighted and underutilized; and

WHEREAS, the Agency desires to acquire the Property for future development of a proposed neighborhood retail development anchored by a grocery store in an underserved area of the City of Oakland with high levels of blight, unemployment, home foreclosures, poverty and crime; and

WHEREAS, Alameda-Contra Costa Transit District, the owner, offered to sell the Property to the Agency at fair market value of \$7,747,102, minus the cost of site remediation to assist the Agency in its redevelopment efforts in the Coliseum Redevelopment Project Area; and

WHEREAS, the sale by the owner was not induced, the sale price is at fair 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 and a Phase I and Phase II environmental investigations have been completed for 905-66th Avenue, the Phase I inspection has been ordered for the adjacent railroad spur; and

WHEREAS, the Agency will execute a purchase and sale agreement with the owner of the Property to acquire both Property rights for \$7,747,102 less all costs for environmental site remediation; and

WHEREAS, the estimated cost of real estate closing is \$12,000, the cost to conduct the property inspections is \$60,000, and \$1,000,000 is estimated for demolition costs; and

WHEREAS, the Agency issued and received the Coliseum Area Redevelopment Project Taxable Tax Allocation Series 2006-T bonds for the Coliseum Area Redevelopment Project to be used for, among other things, the acquisition of vacant, blighted, obsolete and or underutilized properties; and

WHEREAS, the funding for the acquisition of the Property is available from the Coliseum Area: Tax Allocation Bond Series 2006B-T (Taxable) Fund (9456), Capital Improvement Project (CIP) Economic Development Organization (94800), Coliseum Area Land Acquisition –Taxable Bond Project (T315820); 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 a Purchase and Sale Agreement for the purchase of the Property located at 905 66th Avenue and APN 041-4056-006 for an amount not exceed \$7,747,102, less environmental site remediation cost, and authorizes \$12,000 for the cost of real estate closing, \$60,000 for property inspections, and \$1,000,000 for demolition costs; and be it

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

1. That the funding of the acquisition of the 905 66th Avenue from redevelopment funds will benefit the Coliseum Redevelopment Project Area by creating future development opportunities to better serve area residents and businesses and improve physical conditions in the Coliseum Redevelopment Project Area;
2. That the use of tax increment funds from the Coliseum Redevelopment Project Area for the purchase is consistent with the implementation plan adopted for the Coliseum Project Area and will assist in the elimination of blight in the Project Area by redeveloping an underutilized parcels; and be it

FURTHER RESOLVED: That funds will be allocated from the Coliseum Area: Tax Allocation Bond Series 2006B-T (Taxable) Fund (9456), Capital Improvement Project-Economic Development Organization (94800), Coliseum Area Land Acquisition –Taxable Bond Project (T315820); 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 for 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 take whatever other action is necessary with respect to purchasing the Property, consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That Agency Counsel shall review and approve all documents and agreements related to this acquisition as to form and legality, and a copy shall be placed on file with the City Clerk.

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2009

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

