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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 10451 MacArthur Boulevard From Coast Capital Ventures For \$737,500 Less the Cost Of Any Environmental Site Remediation And Authorizing Up To \$10,000 For Real Estate Closing Costs

SUMMARY

Approval by the Oakland Redevelopment Agency (the "Agency") is requested to purchase the property located at 10451 MacArthur Boulevard, Oakland (Assessor's Parcel Numbers: 047-5576-007-03), (the "Property"), through a negotiated sales agreement. The subject property identified in Exhibit "A" is owned by Coast Capital Ventures, and is located in the Central City East Redevelopment Project Area, in City Council District 6. The Agency issued and received Central City East Series 2006A Taxable Bonds for the acquisition of underutilized and blighted property in the Central City East ("CCE") area. The purchase will facilitate the improvement and future development of this location. Staff recommends that the Oakland Redevelopment Agency adopt the attached resolution to authorize the acquisition of the subject property. This item has been approved for acquisition by Project Area Committee (PAC) on January 5th, 2009.

FISCAL IMPACT

Community and Economic Development Agency staff propose the following Agency funding sources for this acquisition: \$737,500 plus an additional \$10,000 for customary real estate closing 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 (\$233351).

BACKGROUND

The acquisition of the subject property is an opportunity purchase. The Property is located at the west side of MacArthur Boulevard mid – block between Foothill Boulevard and 106th Avenue. Foothill Square, a neighborhood shopping center, is located approximately one block to the south. The site is level and it consists of one vacant parcel encompassing a total of approximately 23,000 square feet or .53 acre. The property reverted to the lender, Coast Capital Ventures in

Item: _____
CED Committee
February 10, 2009

August of 2008. Redevelopment Agency contacted the owner for possible acquisition and, through a negotiation process, an option purchase agreement was negotiated to acquire the property at the appraised price of \$737,500 less any site remediation costs.

KEY ISSUES AND IMPACTS

The Property is located in East Oakland on MacArthur Boulevard close to 106th Avenue. The Property is zoned C-20 (Shopping Center). According to the General Plan the land use designation is Community Commercial. The site has commercial exposure, but retail activities in the surrounding area are marginal. Surrounding uses include low – end commercial motels, bars, fast food outlets, a car wash facility and automotive repairs shops. There is a Walgreens close by and Foothill Square, a 163,000 square foot commercial center that is largely vacant, offers additional retail and community services to area residents. The immediate objectives of the acquisition are to: 1) acquire a commercial land parcel on MacArthur Boulevard in an area that can be improved by new development, and 2) hold it for future planned redevelopment. Control of properties that offer development opportunity is important to redevelopment efforts in the Central City East Redevelopment Project Area. All off-site improvements and public utilities are available at the location.

The Property was appraised by two appraisers and mid-point between two Fair Market Values was agreed upon as the final market value. The property owner has agreed to enter into an option purchase agreement to sell the Property to the Agency for a total of \$737,500 plus closing costs, which are estimated at \$10,000. The negotiated sales price does include an additional non-refundable option fee of \$5,000, which will be credited toward the purchase price once the option is executed. The option agreement allows the Agency to control the site until the Agency can make a determination on the purchase of the Property. If the Agency approves the Resolution, after the completion of environmental investigation, the acquisition is expected to commence immediately and shall be completed by the end of March of 2009. The acquisition of the Property presents a unique opportunity to gain site control for the implementation of the Central City East Redevelopment Plan to reuse underutilized and blighted building sites and revitalize the surrounding community. Staff has completed a Phase I environmental investigation on the Property.

PROJECT DESCRIPTION

The Property is located on a commercial area of MacArthur Boulevard which has been targeted for community and economic development revitalization. The Property consists of a one 23,000 square foot parcel with wide frontage and access to Interstate 580. The topography is level and the frontage is improved with sidewalks, curbs, gutters, and storm drain. The C-20 zoning allows for a wide range of commercial uses that are typically found along a major thoroughfare. The highest and best use for the Property at this time would be for a market rate residential development or a mixed use project with a residential and retail component on the site.

SUSTAINABLE OPPORTUNITIES

Economic: In its present condition the subject Property makes a minimum economic contribution to the area. The vacant parcel provides a location for illegal dumping and other blight - related problems. Future projects at this location, such as neighborhood retail with mixed-use housing will improve neighborhood conditions, address the needs of the residents and increase tax increments. Such projects will make the area more attractive to current and prospective residents, as well as businesses that can provide employment in the City of Oakland.

Environmental: The acquisition of the subject Property and future development at this location is expected to create an attractive addition to the community, stimulating neighborhood infill development. The contractors of all future infill projects will be required to make every effort to reuse clean fill materials and recyclable concrete and asphalt products.

Social Equity: The proposed acquisition and potential development will provide further positive stimulus to the local neighborhoods. This future development will be a welcomed contribution to the continued safety, growth, and stability of the neighborhood.

DISABILITY AND SENIOR CITIZEN ACCESS

There is no impact on access for senior citizens or the disabled.

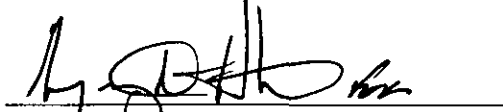
RECOMMENDATION AND RATIONALE

Staff recommends that the Agency adopt the Resolution authorizing the purchase of real property at 10451 MacArthur Boulevard, from Coast Capital Ventures for \$737,500 less the cost of any environmental site remediation and authorizing up to \$10,000 for real estate closing costs. Approving the Agency Resolution will further the objectives of the Central City East Redevelopment Plan to improve the district with a positive economic stimulus, thereby creating a better community for residents.

ACTION REQUESTED OF CITY COUNCIL

The Agency is requested to adopt the Resolution authorizing purchase of real property at 10451 MacArthur Boulevard, from Coast Capital Ventures for \$737,500 less the cost of any environmental site remediation and authorizing up to \$10,000 for real estate closing costs.

Respectfully submitted:



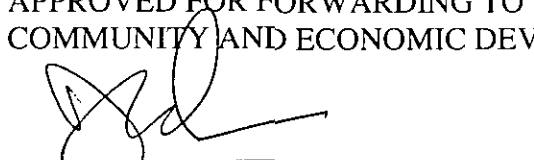
Dan Lindheim
Director
Community and Economic Development Agency

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

Reviewed by: Frank Fanelli, Manager
Real Estate Services Division

Prepared by: Hamid Ghaemmaghami
Real Estate Agent
Real Estate Services Division

APPROVED FOR FORWARDING TO
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator

FILED
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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 10451 MACARTHUR BOULEVARD FROM
COAST CAPITAL VENTURES FOR \$737,500 LESS THE COST OF ANY
ENVIRONMENTAL SITE REMEDIATION AND AUTHORIZING UP TO
\$10,000 FOR REAL ESTATE CLOSING 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 area; and

WHEREAS, the Redevelopment Agency of the City of Oakland (the "Agency") is implementing projects in the Central City East 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 property located at 10451 Macarthur Boulevard, Oakland, depicted on Exhibit "A" attached hereto (Assessor's Parcel Numbers: 047-5576-007-03), (the "Property") is within the Central City East Redevelopment Project Area in Oakland; and

WHEREAS, the Property consists of one vacant parcel of approximately 23,000 square feet which is currently blighted and underutilized; and

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

WHEREAS, Coast Capital Ventures, the owner, and the Agency, the buyer have agreed to enter into a purchase and sale agreement for the Property at fair market value of \$737,500, 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 fair market value as established by mid - point between two appraisals, and no federal funds will be used for acquisition of the Properties; 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 properties, to acquire the Property rights for \$737,500 less all costs for environmental site remediation; and

WHEREAS, the estimated real estate closing costs are \$10,000; and

WHEREAS, the Agency issued and received Series 2006-T bonds for the Central City East and Coliseum Redevelopment Project Areas 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 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); and

WHEREAS, the Central City East Redevelopment Project Area Committee has made a recommendation to the Agency to acquire the Properties; 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 Property located at 10451 Macarthur Boulevard for an amount not exceed \$737,500, less environmental site remediation, and authorizes \$10,000 for costs of real estate closing, and be it

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

1. That the funding of the acquisition of the 10451 Macarthur Foothill Boulevard 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 Central City East 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 an underutilized parcels; and be it

FURTHER RESOLVED: That funds will be allocated from 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); 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 the Agency funding of the acquisition, consistent with this Resolution and its basic purposes; and be it

FURTHER RESOLVED: That Agency Counsel shall review and approve all documents and agreements 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
10451 MACARTHUR BLVD.

