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OFFICE OF THE CITY CLERK
OAKLAND
2009 SEP -3 AM 9:12

**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: September 15, 2009

RE: An Agency Resolution Authorizing The Purchase Of Real Property At 633 Hegenberger Road, In The Coliseum Redevelopment Project Area, From Coliseum Associates, LLC For A Price Not To Exceed \$13,875,000, Less The Cost Of Any Environmental Site Remediation, And Authorizing Up To \$200,000 For Demolition And Real Estate Closing Costs

SUMMARY

Approval of the Redevelopment Agency is requested to purchase an estimated 12.37 acre parcel located at 633 Hegenberger Road, Oakland (APN # 042-4328-001-16) through a negotiated Real Property Purchase Option Agreement. The subject property is owned by Coliseum Associates, LLC and is located in the Coliseum Redevelopment Project Area. The purpose of this acquisition is for future development of the Coliseum area. The Agency will fund the purchase price of \$13,875,000 plus related acquisition costs from the Coliseum Area Tax Allocation 2006B-T Bond Series.

FISCAL IMPACT

Agency funds for this acquisition \$13,875,000 minus the cost of any environmental site remediation, plus up to \$200,000 for real estate closing costs and demolition 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 acquisition of the subject property is an opportunity purchase. This parcel is currently unimproved land but was previously improved for commercial / retail purposes and is zoned for such. The 12.37 acre parcel is located within the Coliseum Redevelopment Project Area. The property was formerly improved with a home improvement discount store, Home Base. The building and stem walls have since been demolished; however, the 189,000 square foot concrete slab is still on the property and will be demolished. Estimated demolition costs are approximately \$150,000.

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CED Committee
September 15, 2009

The subject parcel presents a unique opportunity to gain site control for future development. The City has expressed an interest in acquiring this property for the past five years and now has the opportunity to acquire the property for the negotiated price of \$13,875,000.

KEY ISSUES AND IMPACTS

The acquisition of this property is expected to occur prior to October 31, 2009. The total land area for the property is approximately 12.37 acres. The seller has accepted the Agency's purchase offer price of \$13,875,000. The property was appraised in June 2009, by an independent contract appraiser and Fair Market Value was established assuming the site is free and clear of contaminants and available for future development. Based on the appraised value, an offer to purchase was made to the property owner. The property owner has agreed to enter into an Option to Purchase Agreement to sell the property to the Agency for a total of \$13,875,000. Demolition and closing costs are estimated at approximately \$200,000. The negotiated sales price includes 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 further environmental investigation, the acquisition is expected to commence immediately and should be completed by the end of October 2009.

A Phase I and Phase II environmental investigation of the property was completed by the prior owner; however, the Agency will be updating the environmental investigation. Costs for this investigation will be paid for from a U.S. EPA Brownfield's Grant. In the event the updated environmental report indicates any contamination, the cost of remediation will be deducted from the purchase price. The acquisition of the property presents a unique opportunity to gain site control for the implementation of the Coliseum Redevelopment Project Area to reuse underutilized and blighted building sites and revitalize the surrounding community. The property has the potential to generate interim overflow parking revenue, estimated at \$5,000 per month, for the football season and other major events in the area.

PROJECT DESCRIPTION

The address is 633 Hegenberger Road, at the intersection of Collins Drive, approximately 1,500 feet north of Interstate 880. The property has frontage and access from Hegenberger Road. The parcel is on a corner, level and generally rectangular in shape, with an existing concrete slab which will be demolished by the Agency.

The property's location is within a retail-commercial corridor along Hegenberger Road, as shown in Exhibit A to the proposed resolution. The property is zoned C-36 Gateway Boulevard Service Commercial Zone; Regional Commercial. The highest and best use of the property is for retail commercial use. A retail-commercial development of the land seems appropriate in this location due to its zoning, heavy traffic exposure and freeway access. It is in the Agency's best

interest to acquire the subject property at the agreed upon price 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.

ENVIRONMENTAL IMPACTS

The property is being purchased as an opportunity purchase for unidentified future use. The acquisition of the property is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b) (3) (no possibility of significant environmental impact), Section 15301(1) (demolition and removal of individual structures) of the CEQA Guidelines. A Notice of Exemption will be filed and recorded in the Alameda County Recorder's Office.

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 this section of Hegenberger Road. The property will be cleaned of any existing hazardous 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 or people with disabilities. Any new project will be ADA compliant.

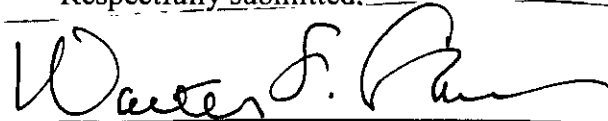
RECOMMENDATION AND RATIONALE

Staff recommends the adoption of the following legislation: A Resolution Authorizing the Purchase of Real Property at 633 Hegenberger Road, Oakland (APN 042-4328-001-16) from Coliseum Associates, LLC, for a price of \$13, 875.00 plus \$200,000 for real estate closing costs. 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 633 Hegenberger Road, Oakland (APN 042-4328-001-16) from Coliseum Associates, LLC, for a price of \$13,875,000, plus real estate closing costs, and site demolition costs for a total expenditure not to exceed \$200,000, less the cost of any environmental site remediation, and authorizing up to \$200,000 for demolition and real estate closing costs.

Respectfully submitted,



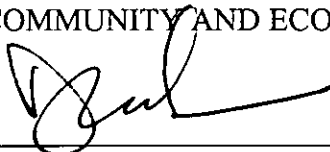
Walter S. Cohen, Director
Community and Economic Development Agency

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

Reviewed by Frank Fanelli, Manager
Real Estate Division

Prepared by: Barbara James
Real Estate Agent
Real Estate Services Division

APPROVED FOR FORWARDING TO THE
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



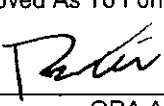
Office of the Agency Administrator

Item: _____
CED Committee
September 15, 2009

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 SEP -3 AM 9:13

Approved As To Form And Legality:


ORA Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. _____ C.M.S.

AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 633 HEGENBERGER ROAD, IN THE COLISEUM REDEVELOPMENT PROJECT AREA, FROM COLISEUM ASSOCIATES, LLC FOR A PRICE NOT TO EXCEED \$13,875,000, LESS THE COST OF ANY ENVIRONMENTAL SITE REMEDIATION, AND AUTHORIZING UP TO \$200,000 FOR DEMOLITION AND REAL ESTATE CLOSING COSTS

WHEREAS, real property located at 633 Hegenberger Road, Oakland (APN 042-4328-001-16) illustrated on Exhibit "A" attached hereto (the "Property") is within the Coliseum Redevelopment Project Area in Oakland; and

WHEREAS, Coliseum Associates, LLC is the owner of the Property and wishes to sell the property to the Redevelopment Agency to assist the Agency in its redevelopment efforts in the Coliseum Redevelopment Project Area; and

WHEREAS, a Phase I and II environmental investigation has been completed, and are being updated; and

WHEREAS, Coliseum Associates, LLC and the Agency have entered into a purchase option for the Agency to purchase the Property for \$13,875,000, less the cost of any environmental remediation, plus real estate closing and demolition costs, estimated to be \$200,000; and

WHEREAS, the acquisition of this property is an opportunity purchase and the Agency wishes to acquire the Property for future redevelopment in the Coliseum Redevelopment Project Area ; and

WHEREAS, the Agency is implementing projects in the Coliseum Redevelopment Project Area as part of the Redevelopment Plan to improve services and enhance the quality of life for the residents in the area; and

WHEREAS, the acquisition of the Property is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b) (3) (no possibility of significant

environmental impact), Section 15301(1) (demolition and removal of individual structures) of the CEQA Guidelines; now, therefore, be it

RESOLVED: That the Agency hereby authorizes the purchase of Property for an amount not to exceed \$13,875,000, less the cost of any environmental remediation, plus closing and demolition costs at an estimated amount of \$200,000, and authorizes the Agency Administrator to negotiate and execute a Purchase and Sales Agreement for the Property; and be it further

RESOLVED: That these funds will be allocated from the Coliseum Area Tax Allocation Bond Series 2006B-T Fund (9456); CIP Economic Development Organization (94800) Coliseum Land Acquisition -Taxable Bond Project (T315820); and be it further

RESOLVED: That the Agency Administrator or his designee is hereby authorized to take reasonable action necessary with respect to the acquisition consistent with this Resolution and its basic purposes; and be it further

RESOLVED: That the Agency governing body has independently reviewed and considered this environmental determination, and it finds and determines that this action complies with CEQA because the acquisition of the Property is exempt from the California Environmental Quality Act (CEQA) under Section 15061(b) (3) (no possibility of significant environmental impact), Section 15301(1) (demolition and removal of individual structures) of the CEQA Guidelines and the Agency Administrator is directed to file a Notice of Exemption with the County of Alameda; and be it further.

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

IN AGENCY, OAKLAND, CALIFORNIA, _____, 2009

PASSED BY THE FOLLOWING VOTE:

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

NOES-

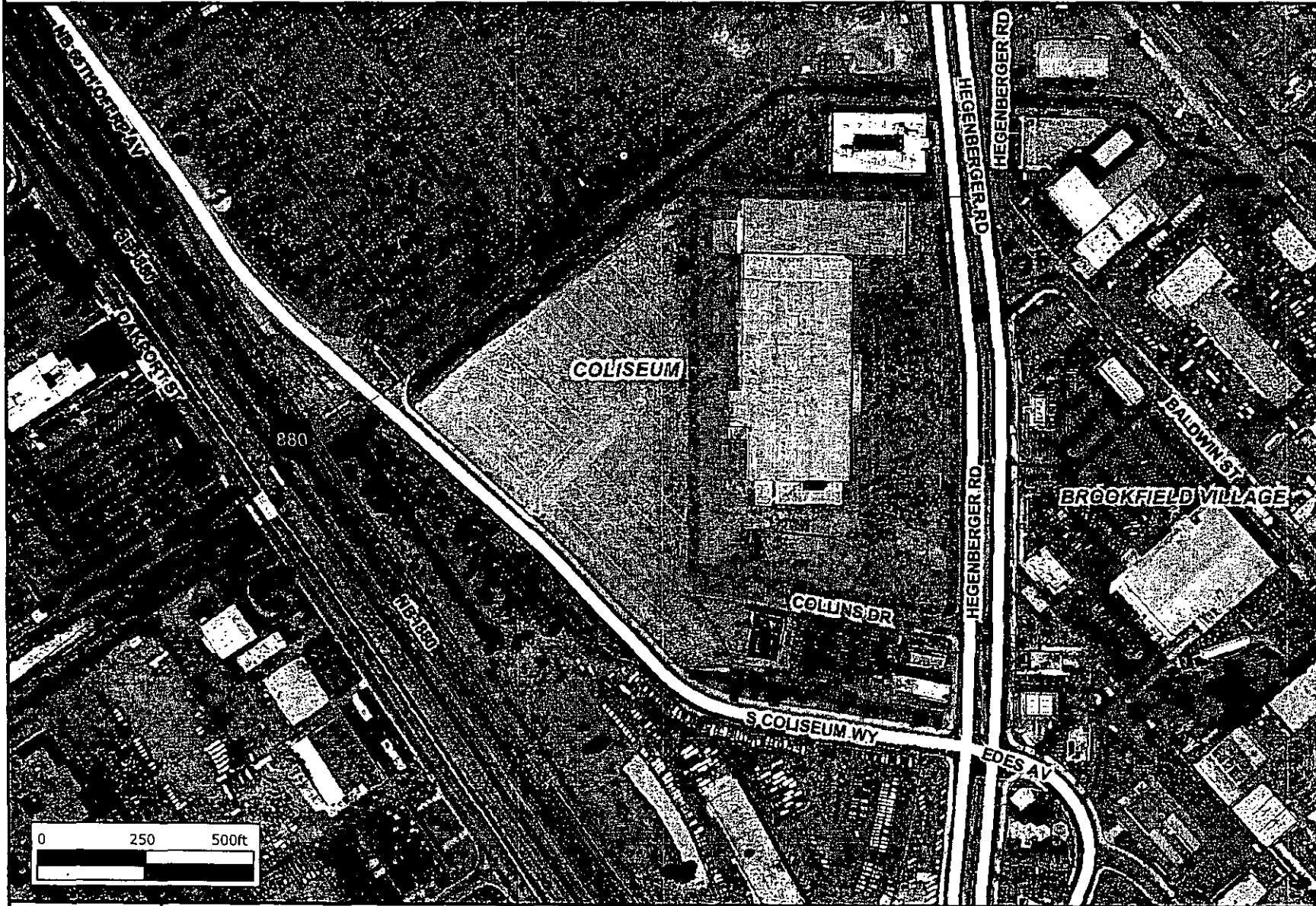
ABSENT-

ABSTENTION-












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

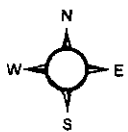
EXHIBIT A

633 HEGENBERGER RD



Legend

-  Selected Features
-  City Limits
-  Parcels
-  Freeways
-  Major Sts
-  Streets
-  BART
-  Railroads
-  Water
-  Oakland Parks
-  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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