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OFFICE OF THE CITY CLERK
OAKLAND

2015 FEB 10 PM 4:54

AGENDA REPORT

TO: John A. Flores
INTERIM CITY ADMINISTRATOR

FROM: Rachel Flynn

SUBJECT: 10451 MacArthur Boulevard ENA

DATE: January 29, 2015

City Administrator
Approval

Date

2/10/15

COUNCIL DISTRICT: #7

RECOMMENDATION

Staff recommends that City Council adopt:

Resolution Authorizing An Exclusive Negotiating Agreement With AMG & Associates Or Related Affiliate For The Sale And Development Of The Property Located At 10451 Macarthur Boulevard; And Authorizing An Exclusive Negotiating Period Of One Year And One Optional Six Month Administrative Extension.

OUTCOME

Approving the proposed legislation will authorize the Interim City Administrator (the "City Administrator") to sign an Exclusive Negotiating Agreement (ENA) with AMG & Associates for 10451 MacArthur Boulevard. This could ultimately lead to the development of a vacant, City owned site. No direct fiscal impact is anticipated.

BACKGROUND/LEGISLATIVE HISTORY

The proposed project site is approximately a 23,000 square foot (0.528 acre) parcel of land located at 10451 MacArthur Boulevard ("Property"), which is along the southwest side of MacArthur Boulevard mid-block near the intersection of 106th Avenue. The Property was formerly a problem property known as the Farm House Motel, but all of the buildings on the subject site were previously demolished in 1999 and the site currently consists of a vacant, grass-covered lot.

The Property was originally identified as an Opportunity Site by the Central City East (CCE) Project Area Committee and staff later recommended that the former redevelopment agency purchase the site in 2008. The property was acquired by the former agency from Coast Capital

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Ventures in April 2008 for \$737,500 using CCE Tax Allocation Bond Series 2006A-T taxable bond funds with a goal to develop the site and further the goals and objectives of the CCE project area. The Property was identified in the 2013-2018 CCE Implementation Plan as one of the targeted sites for mixed-use residential development. The site was included in the Notice of Development Opportunity RFP in 2009, but received little interest from developers at the time.

The Property was transferred to the City of Oakland (City) via the Long Range Property Management Plan, which was approved by the City in 2013 and accepted by the State of California in 2014. The site is level and is located in an area of mixed residential, commercial and light industrial development. The Property is secured with metal fencing, but is often a target for illegal dumping and requires maintenance on a regular basis. Properties adjacent to the site consist of single-family residential dwellings to the rear and a mix of both residential and commercial uses along MacArthur Boulevard. The commercial development nearby consists of small offices and restaurants, auto repair shops, gas stations, apartment buildings and motels. Recent streetscape improvements along MacArthur Boulevard, the PG&E utility underground project and recently completed Foothill Square Shopping Center project have all helped to improve the area.

Staff received a letter of interest for the Property from AMG & Associates, in partnership with Pacific West Communities, Inc. AMG & Associates has offered \$400,000 for the Property, for the purpose of developing the site into a mixed-use affordable/workforce rental housing project. AMG & Associates, LLC is a mid-size land development company that specializes in the development of rental housing in California and other western states. To date, AMG has developed over 3,600 units with a total project cost of over \$450 million in partnership with its strategic development partners in 55 limited partnerships. AMG & Associates is also partnering with Pacific West Communities Inc., which is a real estate and financing firm specializing in the development and ownership of multifamily and senior citizen housing in California and other western states.

ANALYSIS

Sale of the Property to AMG & Associates/Pacific West Communities Inc is proposed to result in the development of a mixed-use development project. The proposed project consists of a five-story building with four stories of residential units, along with parking and a retail component.

This mixed use proposal consists of a new multi-family rental apartment building over ground floor parking and retail. The site plan, building layout and elevations would be consistent with quality architectural and land planning themes that have already been presented to staff (See *Attachment A*). The project proposes approximately 69 one-bedroom units of two different sizes. 37 Type A units at 455 square feet and 32 Type B units at 490 square feet. In addition, a ground floor retail space of about 4,250 square feet would be located along MacArthur Boulevard.

Staff will need to enter into an ENA with AMG & Associates/Pacific West Communities Inc. to explore project feasibility for various factors. The proposed sale price for the Property is \$400,000, which is the best offer the City has received to date. The purchase price for the site was \$737,500 and an updated appraisal will be required before any sale commences. Ultimately, if the sale amount falls under the Fair Market Value, the requisite City of Oakland subsidy requirements could come into effect.

Staff will seek authorization to execute up to a twelve (12) month ENA, with the discretion to extend the agreement for an additional six (6) months. The ENA period will help to determine if the proposed sale provides the highest and best use for the Property. The ENA will also allow the parties to explore other aspects of project feasibility, undertake the necessary environmental review and, if appropriate, negotiate the terms of a future DDA.

POLICY ALTERNATIVES

<i>Alternative #1</i>	Staff can issue an RFP to solicit other proposals
<i>Pros</i>	Potentially receive other proposals to develop the site
<i>Cons</i>	The process will take several months to complete. There is no guarantee that any other proposal(s) would be submitted, nor that any new submission would be preferable.
<i>Reason for not recommending</i>	Staff is not recommending this option, as the RFP process is lengthy and there is no guarantee that a delay will result in a better proposal.

PUBLIC OUTREACH/INTEREST

This item does not require any additional public outreach other than the required posting on the City's website.

COORDINATION

The City Attorney's Office and Budget Office have been consulted for this report and provided feedback and guidance. During the ENA period, coordination will also need to occur with the Planning Department and Real Estate Division.

COST SUMMARY/IMPLICATIONS

There is no anticipated direct impact to the General Purpose Fund. Any resulting revenue derived from the sale of the property is restricted per the bond covenants and must be returned to the bond fund to be used for a redevelopment purpose within the CCE project area.

1. AMOUNT OF RECOMMENDATION/COST OF PROJECT: Excluding staff time and related costs, no additional costs are anticipated to enter into the ENA.
2. COST ELEMENTS OF AGREEMENT/CONTRACT: Excluding staff time and related staff costs, there are no anticipated new cost elements to the ENA.
3. SOURCE OF FUNDING: N/A
4. FISCAL IMPACT: No direct Fiscal Impact is anticipated. If the Property were to be sold, the City of Oakland would receive additional funds.

SUSTAINABLE OPPORTUNITIES

Economic: This project could ultimately lead to the improvement neighborhood conditions and make the neighborhood area more attractive to current and prospective residents, tenants and businesses that can provide employment within Oakland.

Environmental There is no direct environmental impact connected to this request. Any future development could lead to some environmental impacts related to the development. All environmental requirements will be met through if the project is to advance beyond the ENA stage.


Social Equity: The neighborhood has suffered from economic blight and this particular spot is subject to illegal dumping and loitering. Any development will lead to the alleviation of those factors and will be a positive stimulus to the surrounding area.

CEQA

The ENA period will be used to determine feasibility and make sure all necessary environmental requirements will be met for the proper development of any project

For questions regarding this report, please contact Kimani Rogers, Urban Economic Analyst, at 238-6204.

Respectfully submitted,



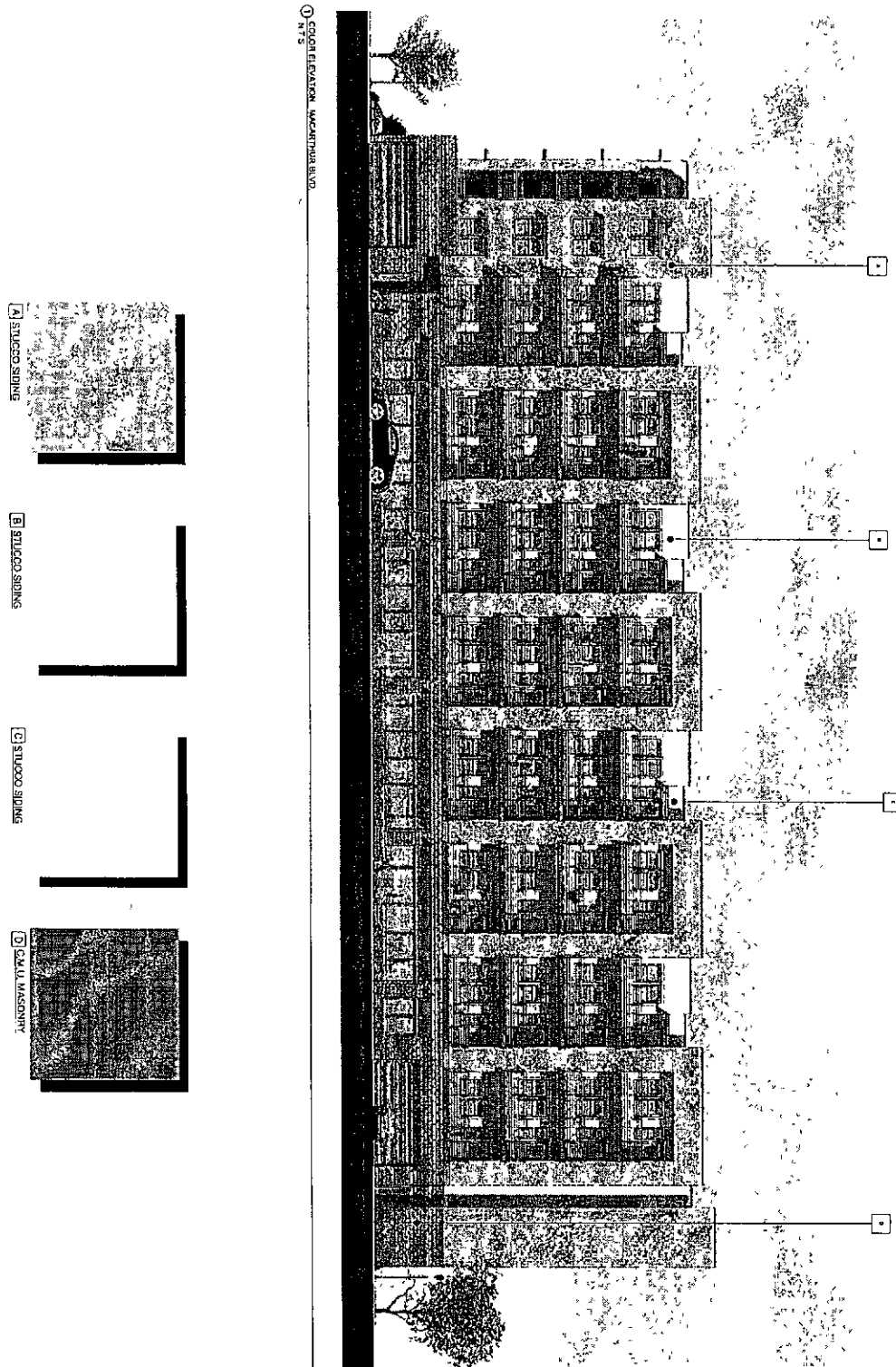
Rachel Flynn, Acting Director
Economic and Workforce Development
Department

Reviewed by
Patrick Lane, Acting Manager
Project Implementation Division
and
Larry Gallegos, Area Manager
Project Implementation Division

Prepared by
Kimani Rogers, Urban Economic Analyst
Project Implementation Division

-Attachment A Project Design

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<p>A5.1</p>	<p>PROJECT MACARTHUR MIXED USE 1501 MACARTHUR BLVD. OAKLAND, CA</p>	<p>Pacific West Architecture ONE STATE STREET SUITE 100 SAN FRANCISCO, CA 94105 PH: 415.774.1111 WWW.PWA.COM</p> <p>ALASKA ARIZONA CALIFORNIA COLORADO HAWAII IOWA ILLINOIS INDIANA KANSAS MICHIGAN MINNESOTA MISSOURI MONTANA NEBRASKA NEVADA NEW JERSEY NEW YORK NORTH CAROLINA NORTH DAKOTA OHIO PENNSYLVANIA SOUTH CAROLINA SOUTH DAKOTA UTAH WASHINGTON WISCONSIN</p>		<p>PACIFIC WEST ARCHITECTURE</p> <p>The Engineer, Architect or Professional Seal is the responsibility of the individual seal holder. The seal holder is responsible for the accuracy of the information provided on the seal. The seal holder is responsible for the accuracy of the information provided on the seal. The seal holder is responsible for the accuracy of the information provided on the seal.</p>	<p>DATE: _____ BY: _____ TITLE: _____</p>
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Approved as to Form and Legality


Deputy City Attorney

OAKLAND CITY COUNCIL

RESOLUTION No. _____ C.M.S.

RESOLUTION AUTHORIZING AN EXCLUSIVE NEGOTIATING AGREEMENT WITH AMG & ASSOCIATES OR RELATED AFFILIATE FOR THE SALE AND DEVELOPMENT OF THE PROPERTY LOCATED AT 10451 MACARTHUR BOULEVARD; AND AUTHORIZING AN EXCLUSIVE NEGOTIATING PERIOD OF ONE YEAR AND ONE OPTIONAL SIX MONTH ADMINISTRATIVE EXTENSION

WHEREAS, the City owns approximately 0.528 acres of property located at 10451 MacArthur;
and

WHEREAS, on December 21, 2012, the City issued a Request for Proposals to develop the
Property; and

WHEREAS, AMG & Associates (“AMG”) submitted a proposal to purchase the Property and
develop a 5-story mixed use affordable/workforce rental housing project, with approximately 69
residential units, and approximately 4,250 square feet of ground floor retail, and parking (the “Project”)
on the site; and

WHEREAS, the City and AMG wish to enter into a period of preliminary study and exclusive
negotiations over the proposed Project, with understanding that this does not constitute a binding
commitment on the part of the City to any project or developer for the Property; now, therefore, be it

RESOLVED: That the City hereby authorizes the Interim City Administrator to negotiate and
enter into an Exclusive Negotiating Agreement (“ENA”) with AMG or related affiliate for the purposes
of developing a project proposal for City review and approval, undertaking the necessary environmental
review process, and negotiating the terms and conditions of a Disposition and Development Agreement
(“DDA”); and be it

FURTHER RESOLVED: That the initial exclusive negotiating period will be for twelve (12)
months from the date of the execution of the ENA, with the option by the City to extend said period by
an additional six months with the approval of the City Administrator in his/her sole discretion; and be it

FURTHER RESOLVED: That the ENA shall be reviewed and approved as to form and legality

by the City Attorney's Office prior to execution; and be it

FURTHER RESOLVED: That the City finds and determines, after independent review and consideration, that this action complies with CEQA because it is exempt from CEQA pursuant to Section 15262 (feasibility and planning studies), Section 15306 (information collection) and Section 15061(b)(3) (general rule) of the CEQA Guidelines; and be it

FURTHER RESOLVED: That the City Administrator or their designee shall cause to be filed with the County of Alameda a Notice of Exemption for this action; and be it

FURTHER RESOLVED: That the City Administrator is further authorized to negotiate and enter into agreements and take whatever action is necessary with respect to the ENA and the Project, consistent with this Resolution and its basic purposes.

IN COUNCIL, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and
PRESIDENT GIBSON McELHANEY

NOES -

ABSENT -

ABSTENTION -

ATTEST _____
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California