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OFFICE OF THE CITY CLERK
OAKLAND

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

2011 FEB 24 AM 11:38

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: March 8, 2011

RE: An Agency Resolution Authorizing The Purchase Of Real Property At 711 71st Avenue in the Coliseum Redevelopment Project Area, From Martial Deduction Trust, Gordon A. Berke and Elinor Berke Living Trust, Warren L. Sussman and Sandra Sussman Living Trust, and 2006 Eskanos Family Trust, In An Amount Not to Exceed \$1,400,000, And Authorizing Up To \$300,000 For Demolition, Abatement And Real Estate Closing Costs

SUMMARY

Staff is requesting approval from the Oakland Redevelopment Agency (the "Agency") to purchase the blighted property located at 711 71st Avenue, Oakland (Assessor's Parcel Number 041-4170-001-02), (the "Property"). The purchase will facilitate the improvement and future redevelopment of this location. The subject Property, identified as *Exhibit A* to the proposed resolution, is owned by Martial Deduction Trust, Gordon A. Berke and Elinor Berke Living Trust, Warren L. Sussman and Sandra Sussman Living Trust, and 2006 Eskanos Family Trust, and is located in the Coliseum Redevelopment Project Area, in City Council District 7. The Agency issued and received Coliseum Area Tax Allocation Bond Series 2006B-T Taxable Bonds for the acquisition of underutilized and blighted properties in the Coliseum area. Staff recommends that the Agency adopt the attached resolution to authorize the acquisition of the subject vacant Property.

FISCAL IMPACT

The funding of \$1,400,000 plus an additional \$300,000 for abatement, demolition, and customary real estate closing costs to be allocated 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).

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BACKGROUND

The acquisition of the subject property is an opportunity purchase for land banking purposes. The property is located across from the Coliseum BART station and the industrial property could be incorporated into the future proposed Coliseum Transit Village project. This parcel is an approximately 53,020 square foot parcel with 26,500 square feet of warehouse and commercial buildings. The Agency was contacted by the owner for possible acquisition. The original asking price for the property was \$1,750,000. Through negotiation an option purchase agreement was reached to acquire the property for the appraised price of \$1,400,000, less any environmental remediation costs. A Phase I and Phase II environmental investigation of the Property is being completed which will identify any potential abatement and remediation costs which will then be deducted from the purchase price. The parcel is located within the Coliseum Redevelopment Project Area.

KEY ISSUES AND IMPACTS

The Property is located east of the Oakland / Alameda County Coliseum Complex across the street from the Oakland International Airport / Coliseum BART Station within the Coliseum Area Redevelopment Project. The immediate objective of the acquisition is to assemble land for future development, possibly for transit-oriented parking to replace parking that would be removed as part of a future Coliseum Transit Village development.

The Property was appraised by an independent contract appraiser and a Fair Market Value offer to purchase was made to the property owner. The property owner agreed to enter into an option purchase agreement to sell the Property to the Agency for a total of \$1,400,000. Staff also requests demolition and closing costs which are estimated at approximately \$300,000. The negotiated sales price includes a non-refundable option fee of \$5,000, which will be credited toward the purchase price once the option is exercised. 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, the acquisition process is expected to commence immediately and should be completed by the end of May 2011. The acquisition of the Property meets the goals of the Coliseum Redevelopment Plan to reuse underutilized and blighted building sites and revitalize the surrounding community.

A Phase I and Phase II environmental investigation of the property is nearing completion by the Agency using funds from a U.S. Environmental Protection Agency 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.

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Until it is redeveloped, the Property has the potential to generate interim overflow parking revenue during the football season and other major events in the Coliseum area.

Once the Agency acquires the Property, staff will commence a process to demolish the structures on site. While this process is not necessarily a complex process it is lengthy, requires a city contracting process and ultimately relies on PG&E and third party contractors for completion. The average demolition process is taking approximately a year to complete. The process includes:

DEMOLITION PROCESS	TIME	INVOLVED PARTY
Prepare Scope of Work & environmental documentation	30 days	Redevelopment, Environmental Services & Buildings Services Divisions
Advertise & Bidding	60 days	Contract Compliance
Contract Award & Execution	60-90 days	Contract Compliance, Redevelopment, City Attorney's Office, City Administrators Office
Abatement Completed	30 days	Selected abatement contractor
PG&E – Utility Disconnection	60-120 days	PG&E
Demolition	30 days	Selected demolition contractor

The Agency will be responsible for ongoing property management issues until the property is demolished. It would be in the best interest of the Agency if the blighted industrial property could be demolished within 60 days after close of escrow and acquisition. The Agency could then maximize its potential lease revenue generating opportunities until the property is redeveloped.

PROJECT DESCRIPTION

The address of the property to be acquired is 711 71st Avenue. The parcel size is 53,020 square feet with 26,500 square feet of warehouse and commercial buildings. The warehouse building will be demolished by the Agency and the area initially improved with landscaping and a fence that will provide security. Access to the property is along San Leandro Avenue. It is in the Agency's best interest to acquire the subject property at the negotiated 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.

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SUSTAINABLE OPPORTUNITIES

Economic: In its present condition, the subject Property makes minimum economic contribution to the area. The parcel provides a location for illegal dumping and other blight - related problems. Future projects at this location 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 further 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 from this proposed action.

RECOMMENDATION(S) AND RATIONALE

Staff recommends that the Agency adopt the Resolution authorizing the purchase of real property located at 711 71st Avenue in the Coliseum Redevelopment Project Area, from Martial Deduction Trust, Gordon A. Berke and Elinor Berke Living Trust, Warren L. Sussman and Sandra Sussman Living Trust, and 2006 Eskanos Family Trust for \$1,400,000, and authorizing up to \$300,000 for abatement, demolition, and real estate closing costs. Approving the Agency Resolution will further the objectives of the Coliseum Redevelopment Project Area Plans to improve the area with positive economic stimulus, thereby creating better communities for residents.

ALTERNATIVE RECOMMENDATION

The Agency Board could choose to not exercise its option to purchase the subject property. Staff does not recommend this option. The purchase of 711 71st Avenue would provide the Agency with an opportunity to pursue the full potential of the proposed Coliseum Transit Village development plan and material commitment by the Agency toward the Coliseum Redevelopment

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Plan goals. By contrast, a failure to exercise the purchase option could allow the site to be purchased by another entity, whose goals for the site may not be compatible with or supportive of the Agency's vision for redevelopment of this area.

ACTION REQUESTED OF THE CITY COUNCIL/REDEVELOPMENT AGENCY

The Agency is requested to adopt the Resolution authorizing the purchase of real property at 711 71st Avenue in the Coliseum Redevelopment Project Area, from Martial Deduction Trust, Gordon A. Berke and Elinor Berke Living Trust, Warren L. Sussman and Sandra Sussman Living Trust, and 2006 Eskanos Family Trust for \$1,400,000, and authorizing up to \$300,000 for abatement, 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 Services Division

Prepared by: John Monetta
Program Analyst III

APPROVED AND FORWARDED 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.

AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 711 71ST AVENUE, IN THE COLISEUM REDEVELOPMENT PROJECT AREA, FROM MARTIAL DEDUCTION TRUST, GORDON A. BERKE AND ELINOR BERKE LIVING TRUST, WARREN L. SUSSMAN AND SANDRA SUSSMAN LIVING TRUST, AND 2006 ESKANOS FAMILY TRUST, IN AN AMOUNT NOT TO EXCEED \$1,400,000, AND AUTHORIZING UP TO \$300,000 FOR ABATEMENT, DEMOLITION AND REAL ESTATE CLOSING 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 property located at 711 71ST Avenue, depicted on Exhibit A attached hereto (Oakland Assessor's Parcel Number: 041-4170-001-02), (the "Property") is within the Coliseum Redevelopment Project Area in Oakland; and

WHEREAS, the Property, consisting of a parcel totaling approximately 53,020 square feet of land with 26,500 square feet of warehouse and commercial buildings, 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, Martial Deduction Trust, Gordon A. Berke and Elinor Berke Living Trust, Warren L. Sussman and Sandra Sussman Living Trust, and 2006 Eskanos Family Trust, offered to sell the Property to the Agency at the fair market value of \$1,400,000, to assist the Agency in its redevelopment efforts in the Coliseum Redevelopment Project Area; and

WHEREAS, the sale by the owners 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, an 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 for \$1,400,000; and

WHEREAS, the cost of abatement, demolition and real estate closing is estimated to be \$300,000; and

WHEREAS, the Agency issued and received 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 Parcel is available from the Coliseum Area: Tax Allocation Bond Series 2006 (Taxable) Bond 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 exercise the Agency's purchase option; and to purchase the Property located at 711 71st Avenue for an amount not to exceed \$1,400,000, and authorizes \$300,000 for costs of abatement, demolition and 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 711 71st 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 underutilized parcels; and be it

FURTHER RESOLVED: That funds will be allocated from 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 be h

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 (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 to take whatever other action is necessary with respect to the Property 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 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, _____, 20__

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

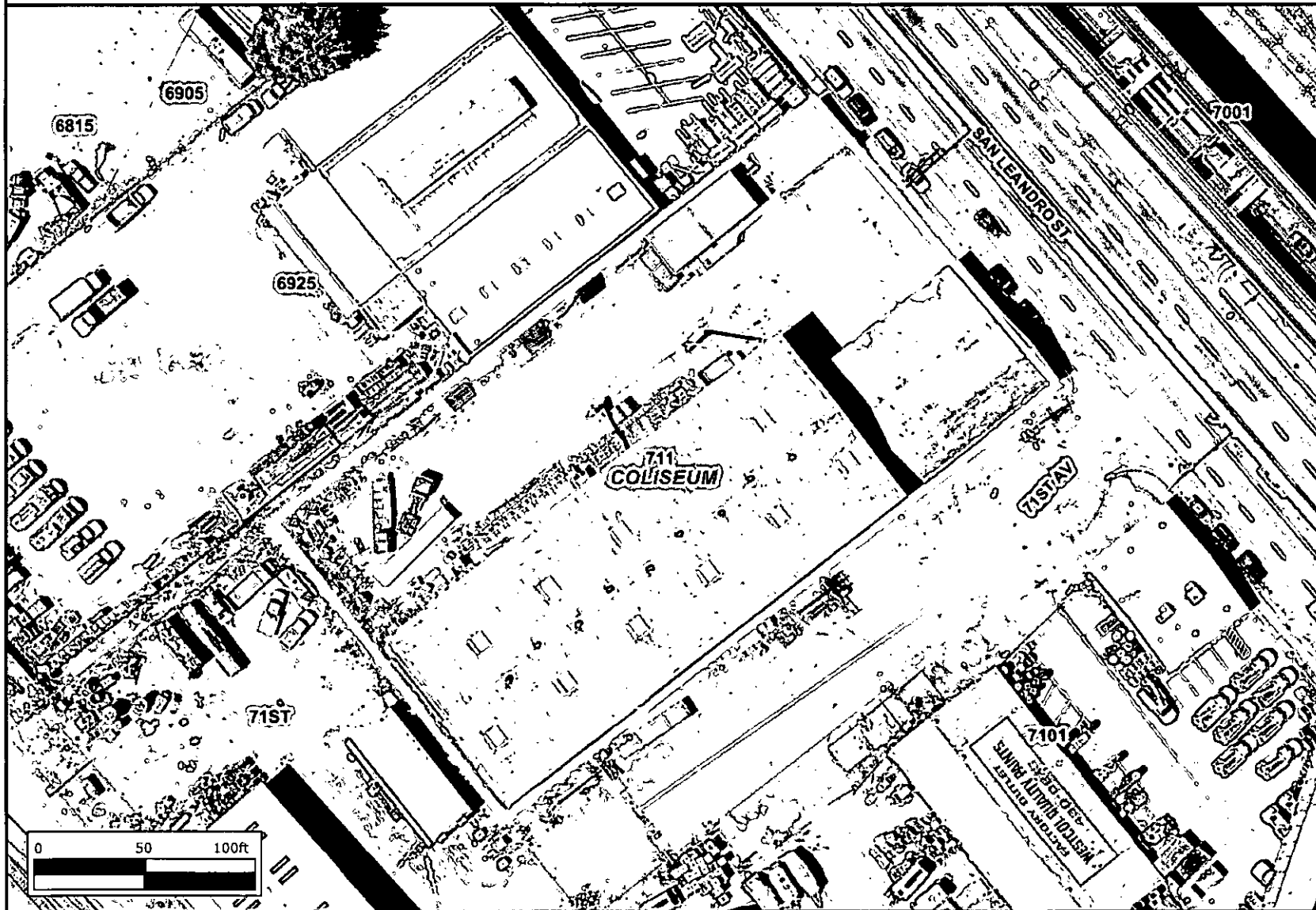
ABSTENTION-

ATTEST: _____








LATONDA SIMMONS
Secretary of the Redevelopment Agency
of the City of Oakland, California

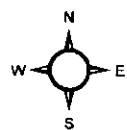
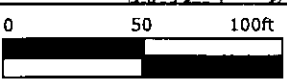
EXHIBIT A

711 71st Avenue



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)238-3911.

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