

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

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 JUL -2 AM 10:10

TO: Office of the Agency Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: July 14, 2009

RE: **An Agency Resolution Authorizing The Purchase Of Real Property At 3566 and 3600 Foothill Boulevard, in the Central City East Redevelopment Project Area, From Keeney Enterprises Inc. For \$1,025,000, And Authorizing Up To \$110,000 for Demolition and Real Estate Closing Costs**

SUMMARY

Staff is requesting the approval by the Oakland Redevelopment Agency (the "Agency") to purchase the properties located at 3566 and 3600 Foothill Boulevard, Oakland (Assessor's Parcel Numbers: 032-2115-037-01, 032-2084-051), (the "Properties"), through a negotiated sales agreement. The purchase will facilitate the improvement and future development of this location. The subject Properties identified in Exhibit "A", of the proposed Resolution, are owned by Keeney Enterprises Inc., and are located in the Central City East Redevelopment Project Area, in City Council District 5. The Agency issued and received Central City East Series 2006A Taxable Bonds for the acquisition of underutilized and blighted properties in the Central City East ("CCE") area. Staff recommends that the Oakland Redevelopment Agency adopt the attached resolution to authorize the acquisition of the subject Properties. This item has been recommended for acquisition by Project Area Committee (PAC) on January 5, 2008.

FISCAL IMPACT

Community and Economic Development Agency staff propose the following Agency funding sources for this acquisition: \$1,025,000 plus an additional \$110,000 for demolition and customary real estate closing costs 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 (S233351).

Item: _____
CED Committee
July 14, 2009

BACKGROUND

The acquisition of the subject properties is an opportunity purchase. The Properties are located at an important commercial intersection of Foothill Boulevard and 36th Avenue and consist of two corner parcels. 3566 Foothill contains 6,541 square feet and 3600 Foothill contains 10,625 square feet of land area for a total land area of 17,166 square feet. The Redevelopment Agency was contacted by the owner for possible acquisition. Through a long negotiation process an option purchase agreement was negotiated to acquire the properties at the appraised price of \$1,025,000.

KEY ISSUES AND IMPACTS

The Properties are located in the San Antonio/Fruitvale area within the Central City East Redevelopment District. The immediate objective of the acquisition is to acquire parcels at a critical commercial corner that needs improvement by new development and hold them for future planned redevelopment. Control of the Properties is important to redevelopment efforts in the area. All off-site improvements and public utilities are available at the location.

The Properties were appraised by an independent contract appraiser and a Fair Market Value offer to purchase was made to the property owner. The property owner has agreed to enter into an option purchase agreement to sell the Properties to the Agency for a total of \$1,025,000 plus demolition and closing costs which are estimated at approximately \$110,000. 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, the acquisition is expected to commence immediately and should be completed by the end of August of 2009. Staff has already completed a Phase I and Phase II environmental investigation of the Properties. The acquisition of the Properties 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.

PROJECT DESCRIPTION

The Properties are located in the Foothill Boulevard commercial area which has been targeted for community and economic development revitalization. The Properties consist of a two corner parcels improved with two small commercial buildings with frontage on Foothill Boulevard. The existing buildings will be demolished after acquisition is complete. The topography is level and the frontage is improved with sidewalks, curbs, gutters, and a storm drain. The Properties are zoned C-30 District Thoroughfare Commercial Zone. The zoning allows for a wide range of retail uses that are typically

found along a major thoroughfare. The highest and best use for the Properties at this time would be for a retail development project or a mixed-use project with a residential component on the site. No project has been defined for this location and the intent at this time is to land bank the Properties.

SUSTAINABLE OPPORTUNITIES

Economic: In their present condition the subject Properties make minimum economic contribution to the area. The vacant parcels provide 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 Properties 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.


RECOMMENDATION AND RATIONALE

Staff recommends that the Agency adopt the Resolution authorizing the purchase of real property at 3566 and 3600 Foothill Boulevard, in the Central City East Redevelopment Project Area from Keeney Enterprises Inc. for \$1,025,000 and authorizing up to \$110,000 for demolition and real estate closing costs. Approving the Agency Resolution will further complete the objectives of the Central City East Redevelopment Plan to implement the process of improving the district with positive economic stimulus, thereby creating better communities for residents.

ACTION REQUESTED OF CITY COUNCIL

Council is requested to adopt the Resolution authorizing the purchase of real property at 3566 and 3600 Foothill Boulevard, in the Central City East Redevelopment Project Area from Keeney Enterprises Inc.

Respectfully submitted,



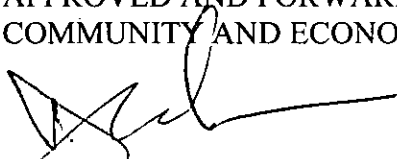
Walter S. Cohen, Director
Community and Economic Development Agency

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

Reviewed by: Frank Fanelli, Manager
Real Estate Services Division

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

APPROVED AND FORWARDED TO
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 JUL -2 AM 10:11

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 3566 AND 3600 FOOTHILL BOULEVARD, IN
THE CENTRAL CITY EAST REDEVELOPMENT PROJECT AREA,
FROM KEENEY ENTERPRISES INC. FOR \$1,025,000, AND
AUTHORIZING UP TO \$110,000 FOR DEMOLITION AND 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 properties located at 3566 and 3600 Foothill Boulevard, depicted on Exhibit "A" attached hereto (Oakland Assessor's Parcel Numbers: 032-2115-037-01, 032-2084-051), (the "Properties") are within the Central City East Redevelopment Project Area in Oakland; and

WHEREAS, the Properties, consisting of two corner parcels encompassing a total of approximately 17,166 square feet, are currently vacant, blighted and underutilized; and

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

WHEREAS, Keeney Enterprises, Inc, the owner, offered to sell the Properties to the Agency at fair market value of \$1,025,000, 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 an appraisal, and no federal funds will be used for acquisition of the Properties; and

WHEREAS, the properties have been appraised, a Phase I and Phase II 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 \$1,025,000 plus; and

WHEREAS, the cost of demolition and real estate closing is estimated to be \$110,000; 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 acquisition of the properties 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 (S233351); 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 Properties located at 3566 and 3600 Foothill Boulevard for an amount not exceed \$1,025,000, and authorizes \$110,000 for cost of 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 the 3566 and 3600 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 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 (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 Agency acquisition of the Properties, 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-

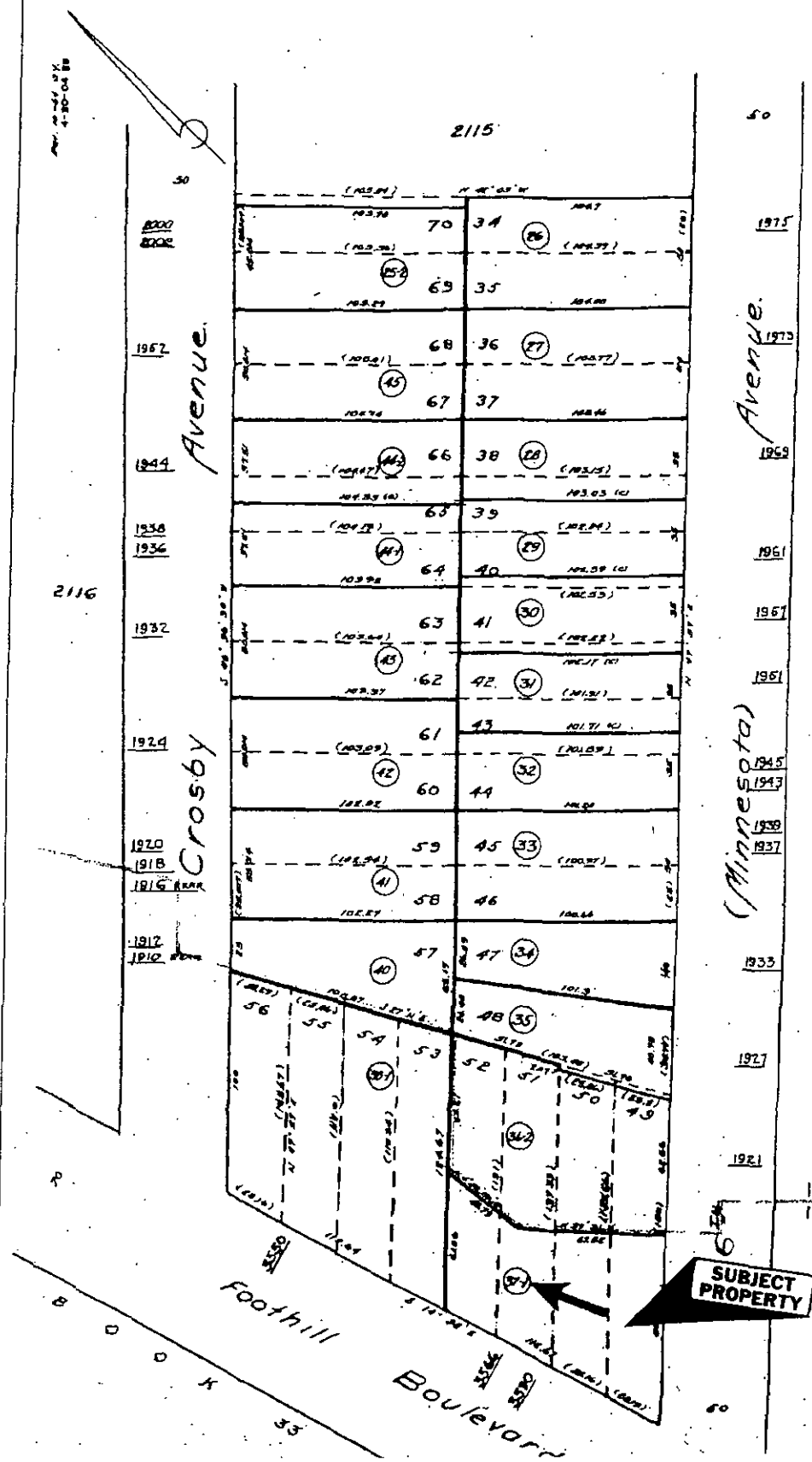
ABSENT-

ABSTENTION-

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

ASSESSOR'S MAP 32
 (Map of Redwood Park (B.L. 21 P. 15))
 Scale: 1" = 40'

2115
 2



"Notice: This is neither a plat nor a survey. It is furnished merely as a convenience to aid you in locating the land indicated hereon with reference to street and other land. No liability is assumed by reason of any mistake hereon."

SUBJECT PROPERTY

EXHIBIT "A" - 3566 FOOTHILL

ASSESSOR'S MAP 32

Code Area Nos. 17-001 17-045

2084

Scale: 1" = 50'

RANCHO SAN ANTONIO (A.M. PERALTA et al) (Pat. Bk. A Pg. 669)
MAP OF 'BOULEVARD PARK' (Bk. 21 Pg. 50)

PAGE 2

Redrawn: 8-64 SY.
Corrected: 5-4-72 KT
3-23-89 WL
4-20-04 EB

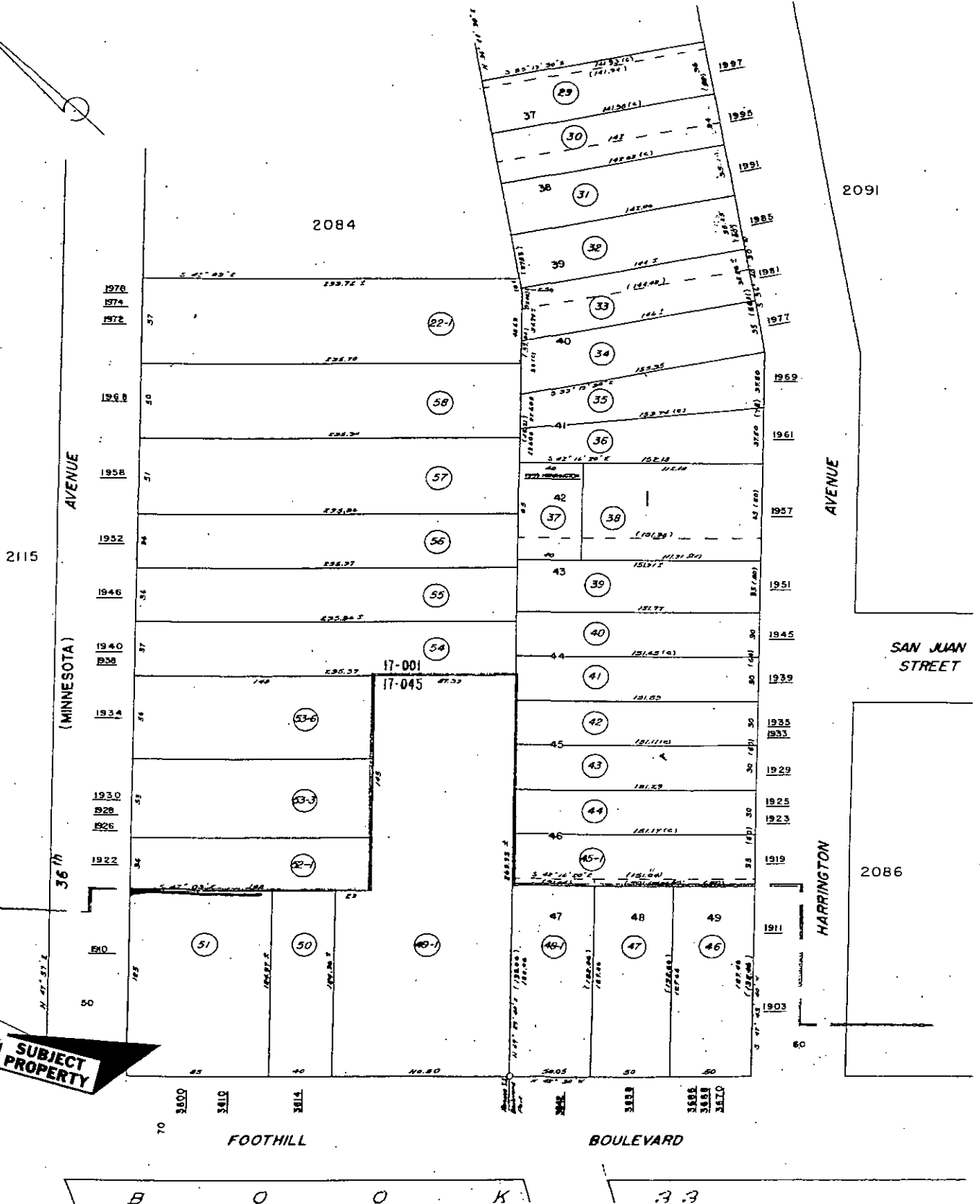


EXHIBIT "A" - 3600 FOOTHILL