

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

FILED
THE CITY CLERK
OAKLAND
2008 MAY 29 PM 7:54

TO: Office of the Agency Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: June 10, 2008

RE: An Agency Resolution Authorizing The Purchase Of Real Property At 2521 And 2529 Seminary Avenue, From Danilo Mayorga Sr. For \$1,450,000 Less Cost Of Environmental Site Remediation and Authorizing Up to \$100,000 for Costs For Demolition And Real Estate Closing

SUMMARY

Approval by the Oakland Redevelopment Agency (the "Agency") is requested to purchase the properties located at 2521 and 2529 Seminary Avenue, Oakland (Assessor Parcel Number # 038-3182-002, and # 038-3182-003) (the "Properties"), through a negotiated sales agreement. The subject properties identified in Exhibit "A" are owned by Danilo Mayorga Sr. and are 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 properties 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 properties. This item will be considered for recommendation by Project Area Committee (PAC) June 2nd, 2008. If the PAC does not recommend the purchase, this item must return to the Agency for approval before the acquisition.

FISCAL IMPACT

Community and Economic Development Agency staff propose the following Agency funding sources for this acquisition: \$1,450,000 plus an additional \$100,000 for customary real estate closing and demolition 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).

BACKGROUND

The acquisition of the subject properties is an opportunity purchase. The Properties are located at an important commercial intersection consists of a 6,276 square feet

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rectangular level lot improved with an unoccupied 6,200 square feet single story commercial building and a 9,580 square feet vacant parcel with frontage on Seminary Avenue. The Redevelopment Agency was contacted by 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 \$1,450,000 less any site remediation costs.

KEY ISSUES AND IMPACTS

The Properties are located in East Oakland on Seminary Avenue near Foothill Boulevard. The immediate objectives of the acquisition are to: 1) acquire parcels at a critical commercial corner that needs improvement by new development and hold it for future planned redevelopment, and 2) work with the adjacent property owners on a redevelopment project strategic acquisition. In the long run, control of the properties 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 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 \$1,450,000 plus closing costs, which are estimated at approximately \$25,000. The negotiated sales price does include an additional non-refundable option fee of \$5,000, which will be credited toward the purchase sale 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 July of 2008. The Agency plans to demolish the blighted structure soon thereafter. 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. Staff has completed a Phase I environmental investigation on the Properties. A Phase II environmental investigation and building survey for hazardous materials are underway and scheduled to be completed by end of June 2008.

PROJECT DESCRIPTION

The Properties are located in the Foothill Boulevard/Seminary commercial area which has been targeted for community and economic development revitalization. The Properties consists of a 6,276 square feet rectangular level lot improved with an unoccupied 6,200 square feet single story commercial building and a 9,580 square feet vacant parcel with frontage on Seminary Avenue. The topography is level and the frontage is improved with sidewalks, curbs, gutters, and 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

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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. The maximum Floor Area Ratio (FAR) is 4.0.

SUSTAINABLE OPPORTUNITIES

Economic: In its present condition the subject Properties make minimum economic contribution to the area. The vacant lot and the vacant commercial building both provide a location for illegal dumping and other blight - related problems. Future projects at this location, such as mixed-use housing will improve neighborhood conditions 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 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 2521 and 2529 Seminary Avenue, from Danilo Mayorga Sr. for \$1,450,000 less all costs of environmental site remediation and authorizing up to \$100,000 for costs for demolition and real estate closing. 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. Acquisition of the Property is conditioned upon a recommendation to purchase from the PAC. If the PAC does not recommend the purchase, this item must return to the Agency for approval before the acquisition.

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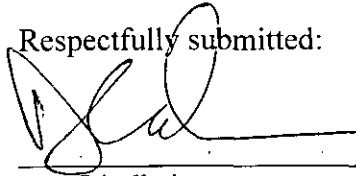
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ACTION REQUESTED OF CITY COUNCIL

Council is requested to adopt the Resolution authorizing the purchase of real property at 2521 and 2529 Seminary Avenue, from Danilo Mayorga Sr. for \$1,450,000 less cost of environmental site remediation and authorizing up to \$100,000 for costs for demolition and real estate closing.

Respectfully submitted:



Dan Lindheim

Director

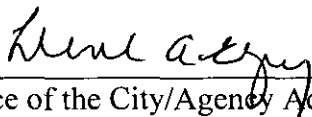
Community and Economic Development Agency

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
FINANCE AND MANAGEMENT COMMITTEE:


Office of the City/Agency Administrator

MAILED
OFFICE OF THE CITY CLERK
OAKLAND

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APPROVED AS TO FORM AND LEGALITY:

D. Lewis

Agency Counsel

REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION No. _____ C.M.S.

AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 2521 AND 2529 SEMINARY AVENUE, FROM DANILO MAYORGA SR. FOR \$1,450,000 LESS COST OF ENVIRONMENTAL SITE REMEDIATION AND AUTHORIZING UP TO \$100,000 FOR COSTS FOR DEMOLITION AND REAL ESTATE CLOSING

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 2521 and 2529 Seminary Avenue, illustrated in Exhibit A attached hereto (APN 038-3182-002 and 038-3182-003) (the "Properties") are within the Central City East Redevelopment Project Area in Oakland; and

WHEREAS, the Properties consist of a 6,276 square foot lot improved with a vacant 6,200 square feet building and a 9,580 square foot lot improved as a parking lot; both of which are currently blighted and underutilized; and

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

WHEREAS, Danilo Mayorga Sr., the owner of the Properties, offered to sell the Properties to the Agency at fair market value of \$1,450,000, 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 an appraisal, and no federal funds will be used for acquisition of the Properties; and

WHEREAS, the Properties have been appraised, a Phase I environmental investigation has been completed and a Phase II investigation is underway, the Agency has executed an option contract to enter into a purchase and sale agreement with the owner of the property, to acquire the property rights for \$1,450,000 less all costs for environmental site remediation ; and

WHEREAS, the estimated cost of demolition plus real estate closing costs are \$100,000; 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 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 not yet considered the acquisition nor made a recommendation to the Agency regarding acquisition of 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 2521 and 2529 Seminary Avenue for an amount not exceed \$1,450,000, less costs of all environmental site remediation and authorizes \$100,000 for costs of demolition and real estate closing; and be it

FURTHER RESOLVED: That this authorization to negotiate and execute a Purchase and Sale Agreement is conditioned upon the affirmative recommendation of the Project Area Committee ("PAC"), and should the PAC recommend against the acquisition of the Properties with Redevelopment funds, the acquisition may not proceed without re-consideration and approval by the Agency; and be it

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

1. That the funding of the acquisition of the 2521 and 2529 Seminary Avenue 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 parcel; 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 15183 (projects consistent with a General Plan), of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption and an Environmental Declaration (California Fish and Game Code section 711.4) with the County of Alameda; and be it

FURTHER RESOLVED: That the Agency Administrator or her designee is hereby authorized to 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

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, _____, 2008

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

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

ASSESSOR'S MAP 38

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Exhibit "A"

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lita.Etal. (Pt. Bk. A' Pg. 667)

Map of the Arnold Boulevard Tract. (Bk. 24 Pg. 10)

Scale 1" = 50'

