

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

2011 JUN 16 PM 5:35

TO: Office of the Agency Administrator
ATTN: P. Lamont Ewell, Interim Agency Administrator
FROM: Community and Economic Development Agency
DATE: June 28, 2011

RE: Agency Resolution Authorizing The Commencement Of Foreclosure Proceedings And The Acquisition Of Properties Located At 7th Street And Campbell Street In The West Oakland Redevelopment Project Area, And Allocating Agency Funds In An Amount Not To Exceed \$500,000 For Costs Related To The Acquisition

SUMMARY

Staff is seeking Agency Board approval of a resolution authorizing the acquisition of six blighted parcels of land located at (no street address number) 7th Street (APN 006-0017-018), 1664 7th Street (APN 006-0017-019), 1666 7th Street (APN 006-0017-020), 1672 7th Street (APN 006-0017-021), 1676 7th Street (APN 006-0017-022) and 715 Campbell Street (APN 006-0017-017) (the "7th and Campbell properties") through foreclosure of Agency loans secured by the properties. The acquisition will facilitate the improvement and future redevelopment of this key location in the West Oakland Redevelopment Project Area. Please see *Attachment A* for a map of the 7th and Campbell properties.

The foreclosure proceedings would be under deeds of trust executed by Oakland Community Housing, Inc. (OCHI), which purchased the properties in 2001 with loans from the Redevelopment Agency's Low and Moderate Income Housing Fund, and from Local Initiatives Support Corporation (LISC). OCHI has ceased to function, and is no longer making payments on its loans nor maintaining the properties. In March 2010, the Agency purchased the note and deed of trust LISC held against the properties so it could gain control of the site (Resolution 2010-0026 C.M.S.).

FISCAL IMPACT

Per the recommendation of the West Oakland Project Area Committee (WOPAC), staff set aside approximately \$575,000 for this purchase from the 2010-2011 West Oakland Redevelopment Project Area budget. Property acquisition has been targeted around the West Oakland BART Station to support the development of a transit village. The expenditure of funds to eliminate the liens and complete the foreclosure will allow the Agency to own a key site for this purpose. Funding is available for this purpose in the West Oakland Redevelopment Operations Fund and

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A Phase I Site Assessment of the 7th and Campbell properties is currently being prepared, and will be complete by mid-July 2011.

SUSTAINABLE OPPORTUNITIES

Economic: Gaining Agency control of the 7th and Campbell sites is the first step in bringing the property to productive use, and will help the Agency recoup its investment in the property.

Environmental: As the property owner, the Agency will maintain this historically neglected site.

Social Equity: There will not be an immediate impact on social equity as a result of the proposed legislation.

DISABILITY AND SENIOR CITIZEN ACCESS

Approval of this resolution will not have an impact on disability and senior access.

RECOMMENDATIONS AND RATIONALE

Staff recommends the Agency authorize staff to commence foreclosure proceedings on the OCHI notes, and approve an allocation of up to \$500,000 from West Oakland Redevelopment Project funds to pay for lien removal, foreclosure expenses, and ongoing property maintenance expenses associated with acquisition of the 7th and Campbell properties. These actions will give ownership control of this key piece of property to the Agency, and clear the way for its sale and development when the time is right to do so. City or Agency-owned property is not subject to property taxes, so that will not be an ongoing expense associated with the recommended action. This action is consistent with the West Oakland Redevelopment Plan's 5-Year Implementation Strategy, which includes directing funding toward the acquisition of strategic development sites.

ALTERNATIVE TO RECOMMENDATIONS

The Agency may choose not to redeem the tax liens on the 7th and Campbell properties, nor begin the attendant foreclosure actions against the OCHI notes. In the short run, this will save the Agency up to \$500,000 in associated costs. Staff does not recommend inaction in this matter, however.

Failure by the Agency to pay off the liens against the properties and clear the title now will result in the County offering the site up for sale to the public at large during next year's annual tax lien sale. This will significantly weaken the Agency's ability to influence this key site's future

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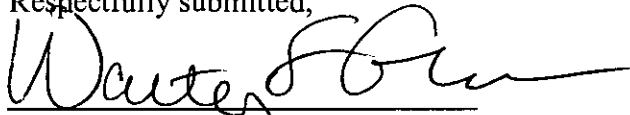
development, and will drive up the cost of ownership in the future. It will also delay payment to the City of nearly \$150,000 of unpaid code violation fines and penalties.

By foreclosing on the OCHI notes, the Agency will gain title to the properties, which will stop the accrual of property tax liabilities.

ACTION REQUESTED OF THE CITY COUNCIL

Staff requests approval of a resolution authorizing the commencement of foreclosure proceedings and the acquisition of properties located at 7th Street and Campbell Street in the West Oakland Redevelopment Project Area, and allocating Agency funds in an amount not to exceed \$500,000 for costs related to the acquisition.

Respectfully submitted,



Walter S. Cohen, Director
Community and Economic Development Agency

Reviewed by: Gregory D. Hunter, Deputy Director
Community and Economic Development Agency

Prepared by: Janice Lang
West Oakland Redevelopment Project Area

**APPROVED AND FORWARDED TO
THE COMMUNITY AND ECONOMIC
DEVELOPMENT COMMITTEE:**


Office of the City/Agency Administrator

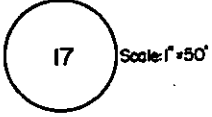
Attachments:
Attachment A: Map of 7th and Campbell Properties

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ASSESSOR'S MAP 6

Code Area Nos. 17-046

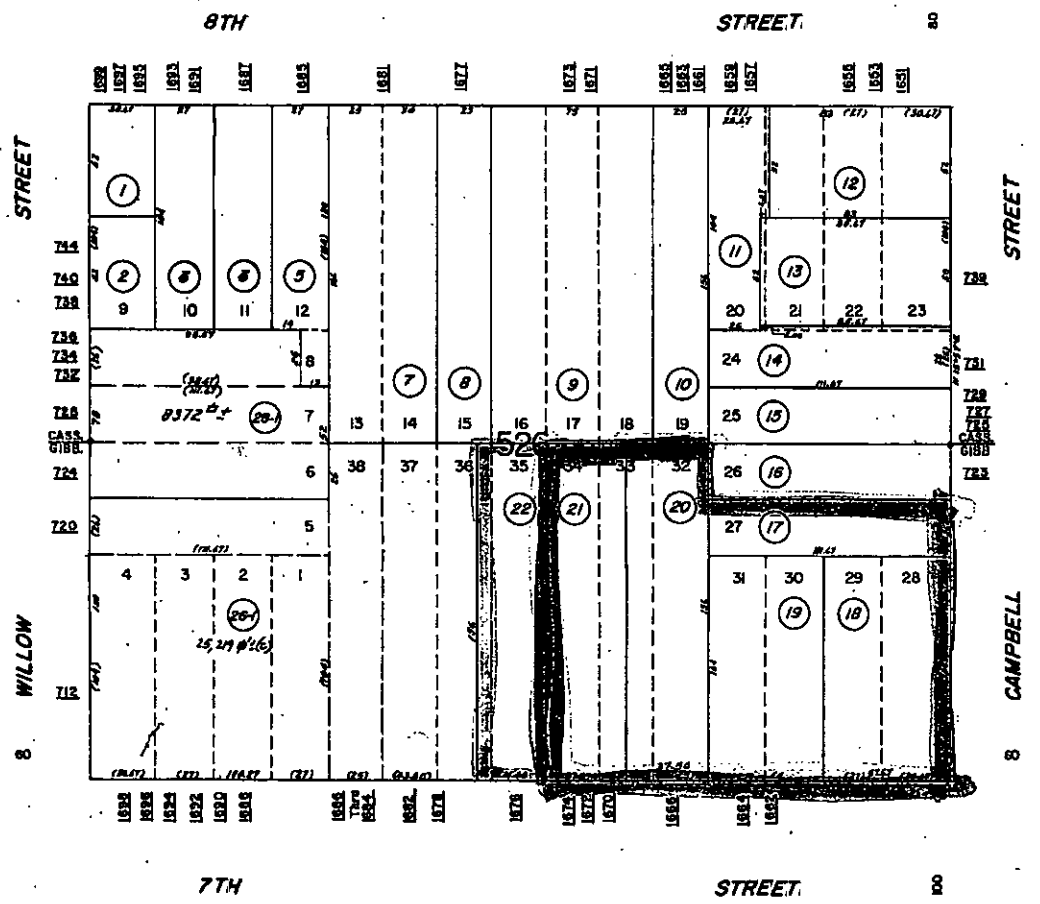
WP



CASSERLY TRACT AT THE POINT (Bk.6 Pg.2)
GIBBONS PROPERTY AT OAKLAND POINT (Bk.1 Pg.31)

Revised 3-14-76 AM. 8-10-88 CSL
12-23-88 CSL 11-30-88 JT
10-22-88 CSL 4-5-01 LL
11-8-88 RB 4-27-04 EG
4-11-88 CSL

Drawn 9-68 W.I.M.



Formerly BIL 504

RESOLVED: That the Agency hereby authorizes the Agency Administrator to commence foreclosure proceedings under deeds of trust securing any of the Agency's defaulted loans related to the 7th and Campbell properties, to credit bid all or any portion of the Agency's loan amounts at the foreclosure sale, and to acquire any or all of the 7th and Campbell properties; and be it

FURTHER RESOLVED: That the Agency hereby allocates \$500,000 in Redevelopment Agency funds from the West Oakland Redevelopment Operations Fund (9590), Redevelopment Projects Organization (88679), General West Oakland Projects (S233510) for foreclosure fees, lien removal, property maintenance, and other site acquisition and related expenses associated with the 7th and Campbell properties; and be it

FURTHER RESOLVED: That the Agency Administrator or his designee is authorized to take any other actions with respect to the properties consistent with this Resolution and its basic purpose.

IN AGENCY, OAKLAND, CALIFORNIA, _____

PASSED BY THE FOLLOWING VOTE:

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

NOES -

ABSENT -

ABSTENTION -

ATTEST:

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