

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2004 JUN 10 PM 4:47

TO: Office of the City Administrator
ATTN: Deborah Edgerly
FROM: Community and Economic Development Agency
DATE: June 22, 2004

RE: **AN ORDINANCE AUTHORIZING THE NEGOTIATION AND EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE OF THE CITY-OWNED PROPERTY AT 3615 AND 3619 35TH AVENUE AT FAIR MARKET VALUE TO COLLINS/PBA FOR THE DEVELOPMENT OF A MIXED-USE PROJECT.**

SUMMARY

City Council approval of an ordinance is requested for the sale of a vacant 11,165 square foot lot at 3615-3619 35th Avenue (at MacArthur Boulevard) to Collins/PBA ("Developer"), an Emeryville-based developer who has completed many commercial and residential projects in Emeryville and Oakland. The \$279,000 sales price has been determined to be the fair market value of the parcel by an appraisal commissioned by CEDA's Real Estate Division. The Developer plans to build a mixed-use development containing eight for sale, detached, live-work units and 720 square feet of ground floor commercial space.

Staff recommends the adoption of an ordinance authorizing the sale of this property via a Purchase and Sale Agreement with the Developer in order to enhance a troubled intersection with needed and well-designed residential and commercial opportunities. There would be no City subsidy to this development.

FISCAL IMPACT

Gas tax revenue was used to buy this property in 1975. The current appraised value is \$279,000. The original purchase price, \$164,575, will be repaid to the gas tax fund (Fund 2230) when the property is sold. The remaining funds, less \$1,000 for the administrative costs of the City's Real Estate Division related to the sale of this property will be repaid to the City's surplus land sales fund (Fund 1010, Project 47010). This amount is estimated to be \$113,425.

No City or Agency funds will be expended for this project.

BACKGROUND

In 1975, in order to widen 35th Avenue, the City used gas tax funds to acquire two adjacent parcels of land at the northwest corner of the intersection of 35th Avenue and MacArthur Boulevard. In compliance with City Ordinance 11602, C.M.S. and State of California law, the property was offered to public agencies, affordable housing developers, park authorities, and the Oakland Unified School District prior to being declared surplus. City Council Resolution 68845, C.M.S., dated April 21, 1992, authorized the auction of the larger parcel. The City of Oakland

Planning Commission Report dated September 7, 1994 found that the smaller property was no longer needed for municipal purposes, and recommended merging the property with the adjacent, larger city-owned parcel. Since this time, the two parcels have been considered together as one project site.

In the intervening years, the City has unsuccessfully sought to foster private development on the parcel. Two separate RFP's were issued in 1999 and 2000 by the Community and Economic Development Agency. Following unsuccessful negotiations with developers that had responded to the previous RFP, the City issued a third RFP in March, 2004, to which the subject Developer responded.

KEY ISSUES AND IMPACTS

Undesirable activity at this busy intersection has been a concern of neighborhood residents, merchants, and City staff for some time. With the convergence of two major AC Transit bus lines bringing large numbers of students to the intersection daily, it has been extremely difficult to solicit appealing proposals from qualified developers for the City-owned property. In the last eleven years, however, a vacant retail space diagonally across the intersection from the subject property recommended for sale was transformed into a produce market that is thriving. The subject parcel is informally used as a parking lot for a nearby Laundromat. Developing the corner lot will enhance the local landscape and provide a pedestrian destination augmenting the streetscape improvements on 35th Avenue that are scheduled to begin construction this summer.

The Association of Bay Area Government's fair share housing allocations show that Oakland needs to develop approximately 7,700 units of housing between 1999 and 2006. Of this total, slightly more than 4,500 units are needed for moderate and above moderate income households. The proposed project would provide eight new live/work housing units with 200 square feet of ground floor work space each and 720 square feet of ground floor commercial space. The ground floor work space in each live/work unit provides an opportunity for small retail stores along 35th Avenue. Staff expects the units to serve moderate income households, those earning between 80% and 120% of the Area Median Income.

PROJECT DESCRIPTION

The Developer proposes to build a three-story, mixed-use project that will include eight three-story detached live/work units with 200 square feet of ground floor work space and 720 square feet of ground floor commercial space. All eight live/work units plus the commercial space are to be for sale units. Parking spaces in compliance with zoning regulations will be provided. The town homes will be approximately 1,560 square feet and have two bedrooms and two bathrooms each. Since the property would be purchased at fair market value, the City would not have control over the rents charged for these units. Additionally, the City's contracting and employment programs would not be a requirement. The ground floor commercial space will provide space for one tenant. The Developer would target the commercial space to businesses such as a coffee or bagel shop, a full-service restaurant, and/or neighborhood-serving retail. **Attachment A** provides the Developer's rough sketches and floor plans for the proposed development.

A Purchase and Sale Agreement ("PSA") would be negotiated with the Developer providing for the conveyance of the property and the development of the project. The PSA would provide for:

1. Applicant will pay an amount of \$25,000 as deposit into Escrow account upon acceptance of the proposal by the City.
2. The sale of the property at market value (\$279,000) must be paid all in cash to the City.
3. The use of the property as the site of a mixed-use development with eight live/work units and 720 square feet of ground floor commercial space, as described above.
4. To ensure the property is not transferred before the project is ready to move forward, staff will require the Buyer to have a building permit prior to close of escrow on the sale.
5. The expiration of the PSA if the Developer has not met the pre-conveyance requirements and the property has not been transferred within 12 months from the date of signature of the PSA.

The Developer, Collins/PBA, is a team of three-persons, Francis Collins, Philip Banta and Robert McGillis. Francis Collins is a general contractor who is the principal financial underwriter. Philip Banta is the principal architect of Philip Banta & Associates Architecture, who is the project designer and Robert McGillis is a principal at Philip Banta Associates who is the project manager for this development. The Development team is an Emeryville-based developer who has been working in the East Bay for more than twenty years. In Oakland, Mr. Collins has developed 6 hillside homes on Monterey Boulevard, and 10 live/work lofts on 3rd Street at Webster. Philip Banta received the 1988 California Council of the AIA design award, the 1990 East Bay Chapter AIA design award, the 1992 Builder's Choice design award for design excellence in residential, commercial and mixed-use projects including the Pocket Graffiti Lofts project in Oakland. Robert McGillis is active in a variety of East Bay community groups, serving as founding member & vice chair for the Maxwell Park Neighborhood Crime Prevention Council.

As an urban infill project less than five acres in size, this project has been found to be categorically exempt from CEQA under Class 32, Section 15332 of the CEQA Guidelines.

SUSTAINABLE OPPORTUNITIES

This project will provide the following sustainable opportunities:

Economic: The project will generate approximately \$1 million in construction contracts. Additionally, new commercial space will create new job opportunities, sales taxes, and Oakland's housing stock will be increased by eight units.

Environmental: As an infill development, this project will provide retail and housing within walking distance for neighborhood residents and visitors. The project's location at the intersection of two major transit corridors will reduce the need for automobile use.

Social Equity: This project will replace a blighted vacant lot with attractive, high-quality live/work units and neighborhood-serving retail, all owned by their occupants.

DISABILITY AND SENIOR CITIZEN ACCESS

The housing portion of the proposed development is for families. Because the site is to be purchased for fair market value, no special requirements are imposed to enhance access for disabled and senior citizens. However, the Developer will be required to meet all applicable laws providing for disabled access to the commercial as well as residential elements of the project.

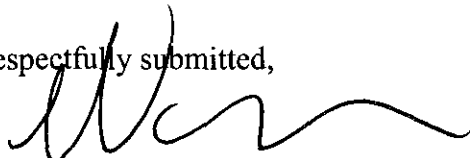
RECOMMENDATION AND RATIONALE

The City has attempted to enhance this troubled intersection for many years. Staff believes that the Developer's proposal provides a promising opportunity to improve the intersection without City subsidy. Therefore, staff recommends that the City Council adopt an ordinance providing for the sale of the City-owned property at 3615 35th Avenue for \$279,000 and authorize a Purchase and Sale Agreement with Collins/PBA Team to develop a mixed-use project on this site.

ACTION REQUESTED OF THE CITY COUNCIL

Staff recommends that the City Council approve an ordinance authorizing the negotiation and execution of a Purchase and Sale Agreement for the sale of the City-owned property at 3615 35th Avenue at fair market value to Collins/PBA Team for the development of a mixed-use project as described above.

Respectfully submitted,



DANIEL VANDERPRIEM, Director of Economic
Development, Redevelopment, Housing and Community
Development

Prepared by:
Frank Fanelli, Manager
Real Estate Division

Bulbul Biswas Goswami, Project Manager,
Economic Development Division

APPROVED AND FORWARDED TO THE
FINANCE AND MANAGEMENT COMMITTEE


OFFICE OF THE CITY ADMINISTRATOR

Item # 3
Finance and Management Committee
June 22, 2004

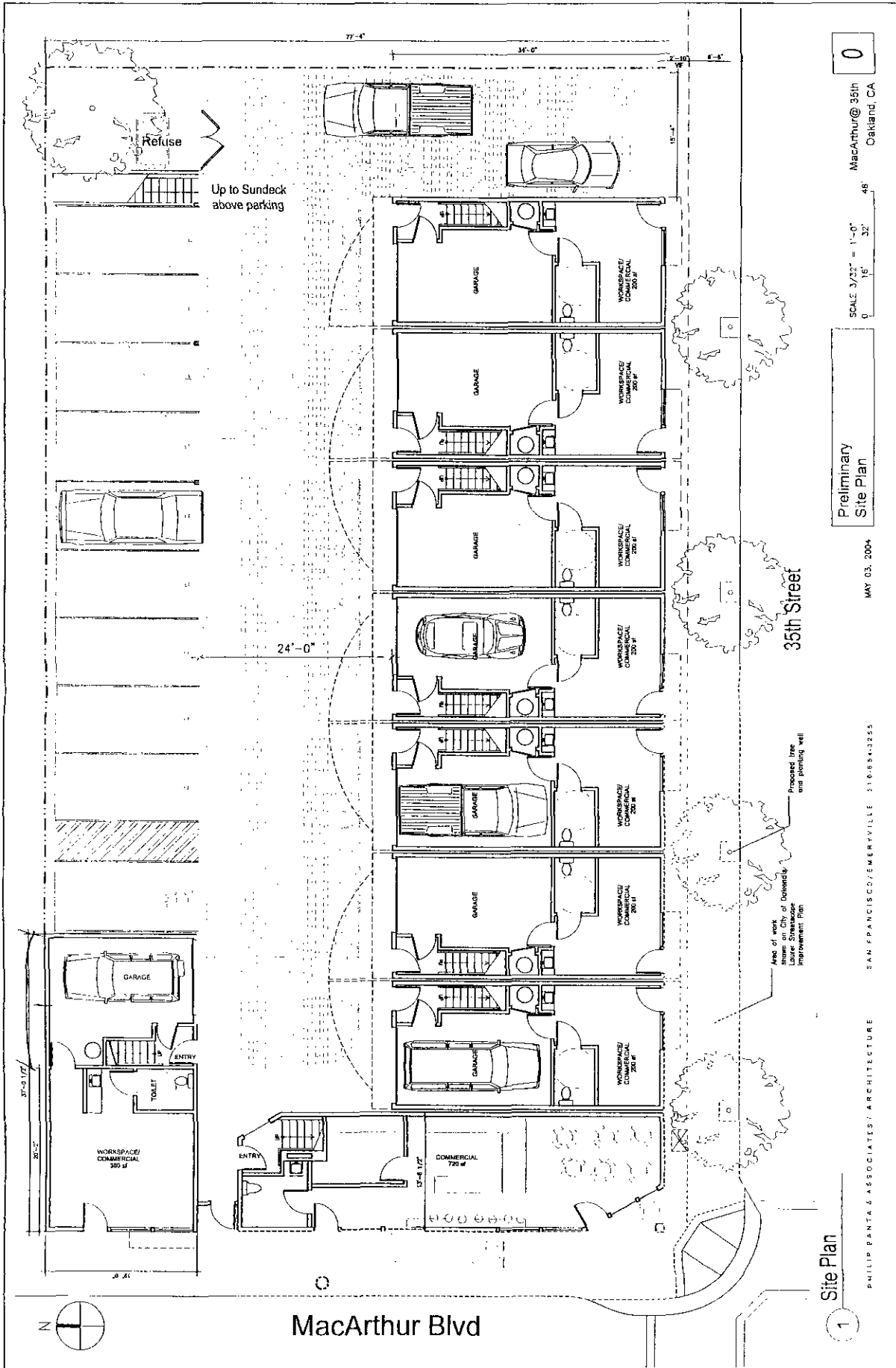
ATTACHMENT

“A”

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FINANCE & MANAGEMENT CMTE.

JUN 22 2004



MacArthur Blvd

35th Street

1 Site Plan

Preliminary Site Plan

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MacArthur@35th
Oakland, CA

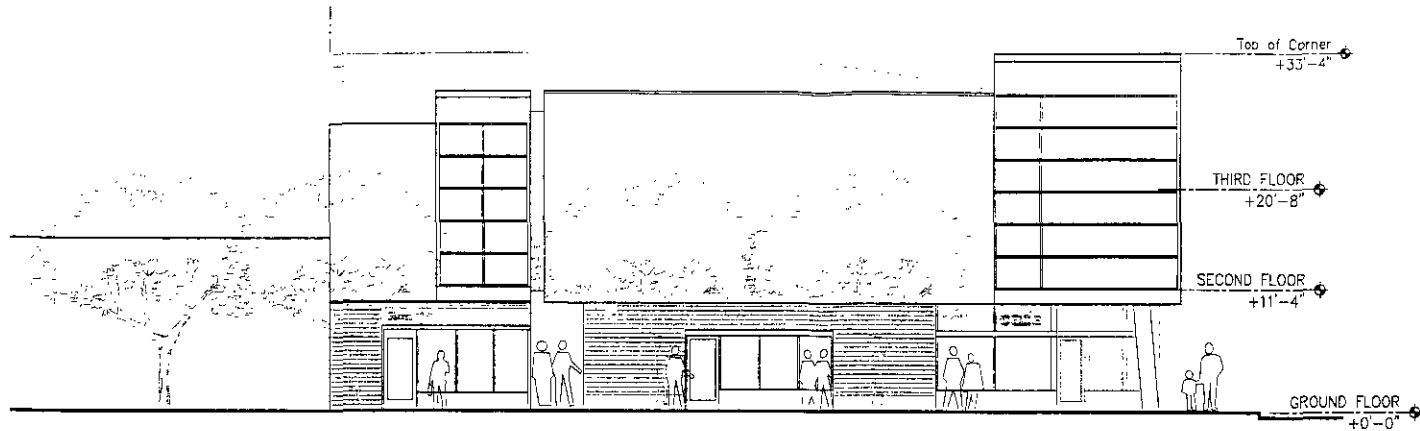
SCALE 3/32" = 1'-0"
0 15' 30' 45'

MAY 03, 2004

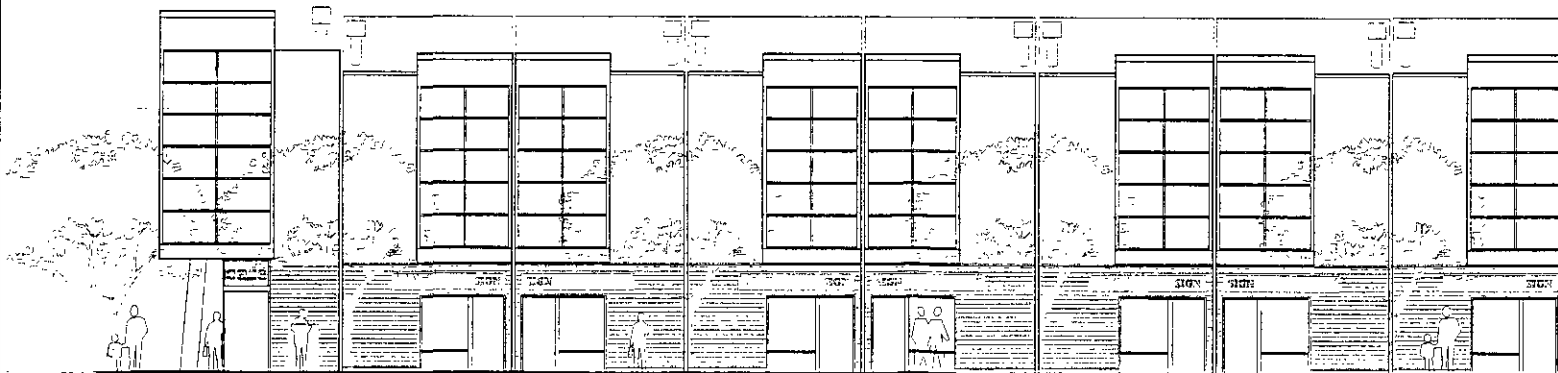
SAN FRANCISCO/EMERYVILLE 310.684.3255

PHILIP PANTA & ASSOCIATES / ARCHITECTURE

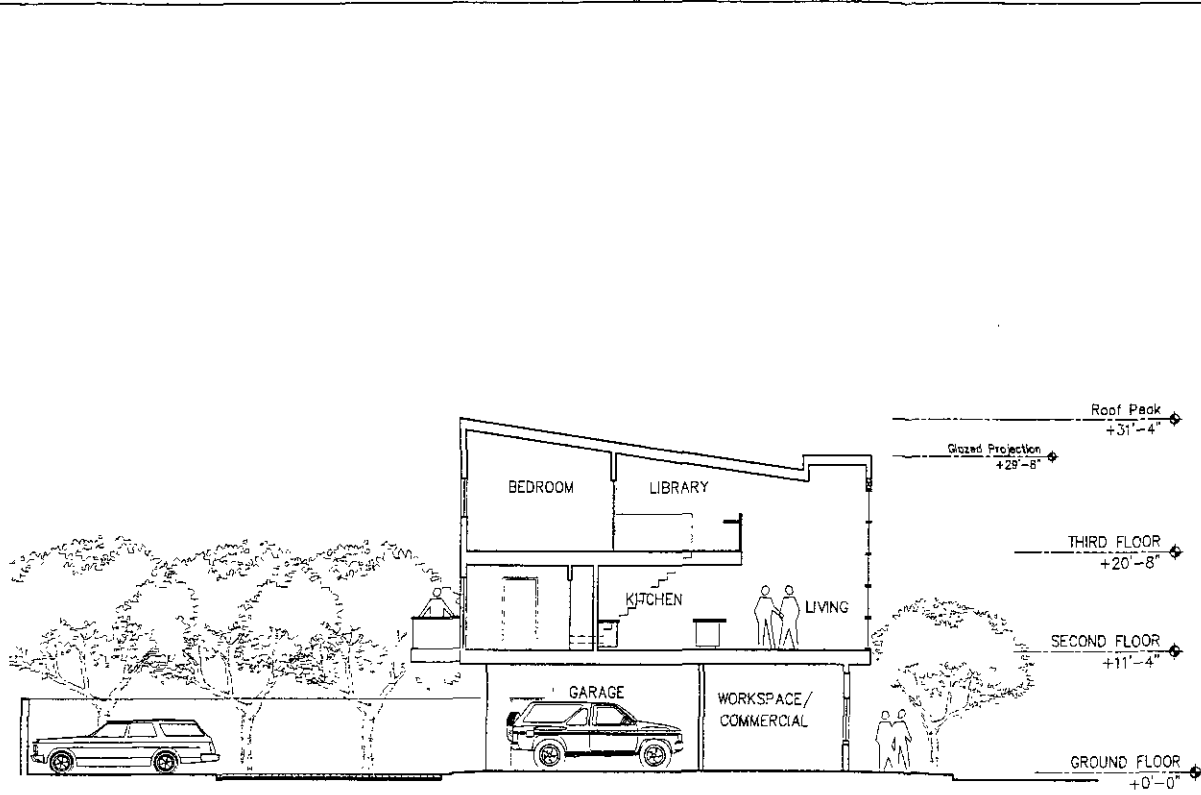
Area of work shown on City of Berkeley
Laurie Streetscape Improvement Plan
Proposed tree and planting will



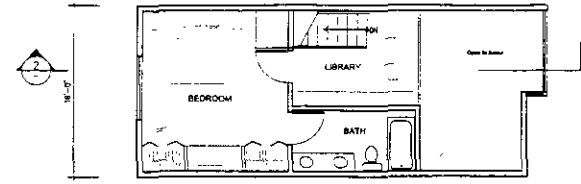
2 MacArthur Blvd Elevation



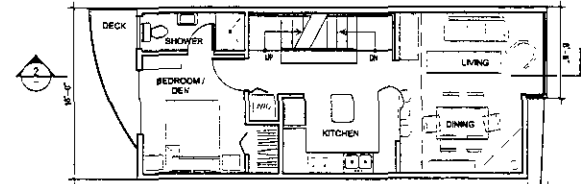
1 35th Street Elevation



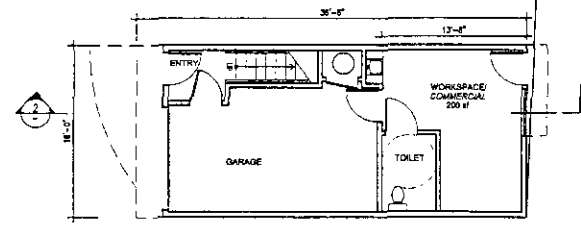
2 Site Section



THIRD FLOOR
420 SF



SECOND FLOOR
600 SF



GROUND FLOOR
540 SF

TOTAL AREA
1,560 SF

1 Townhome Floor Plans

Preliminary
Plans, Elevations & Section

W. Malone FILED
CITY ATTORNEY
OFFICE OF THE CITY CLERK
OAKLAND

ORDINANCE NO. _____ C. M. S. 2004 JUN 10 PM 4:48

AN ORDINANCE AUTHORIZING THE NEGOTIATION AND EXECUTION OF A PURCHASE AND SALE AGREEMENT FOR THE SALE OF CITY-OWNED PROPERTY AT 3615 AND 3619 35TH AVENUE AT FAIR MARKET VALUE (\$279,000) TO COLLINS/PBA FOR THE DEVELOPMENT OF A MIXED-USE PROJECT.

WHEREAS, the City of Oakland ("City") owns a 11,280 square foot vacant lots consisting of 2 parcels of land located at the northwest corner of 35th and MacArthur Blvd., Assessor's Parcel Numbers 028-0957-009-02 and 011-03, described in Exhibit "A" attached hereto (the Property); and

WHEREAS, the Property is a remnant of the 35th Avenue Road Widening Improvement Project in the Laurel District which has been completed; and

WHEREAS, the City Council has adopted Ordinance No. 11602 C.M.S., which established procedures for the sale and lease of City-owned property which is surplus; and

WHEREAS, in compliance with Ordinance No. 11602 C.M.S., the Property was offered to other public agencies for their use, and none of these entities was interested in purchasing the Property; and

WHEREAS, in compliance with the law of the State of California Surplus Property Act, the Property was offered to affordable housing developers, park authorities, and the Oakland Unified School District for their use, and none of these entities was interested in purchasing the Property; and

WHEREAS, the City of Oakland issued an RFP for development of the Property in 1999 and 2000, but were not able to successfully negotiate a project with the respondents; and

WHEREAS, the City of Oakland issued a third RFP for the development of the Property in 2004, to which Collins/PBA (the "Developer") submitted a proposal; and

WHEREAS, the Developer proposes to develop on the Property a multi-use project consisting of seven two-story rental town homes and a ground floor commercial space of approximately 720 square feet; and

WHEREAS, the City is the Lead Agency for this Project for purposes of environmental review under the California Environmental Quality Act of 1970 ("CEQA"); 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

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FINANCE & MANAGEMENT CMTE.
JUN 22 2004

THE COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

- SECTION 1. Pursuant to Section 6 of Ordinance No. 11602 C.M.S., it is found and determined to be in the best interest of the City to sell the Property to the Developer in accordance with the proposal submitted in response to an RFP issued in March, 2004.
- SECTION 2. The City Council authorizes the sale of the Property to the Developer at fair market value, \$279,000.
- SECTION 3. The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines that this action complies with CEQA Because the project is exempt from CEQA pursuant to Class 32, Section 15332 of the CEQA Guidelines: urban infill project under five acres.
- SECTION 4. The City Administrator or his designee shall cause to be filed with the County of Alameda a Notice of Exemption for this project.
- SECTION 5. The City Administrator or his designee, is hereby authorized to negotiate and execute a Purchase and Sale Agreement with the Developer for the Property, to govern transfer and development of the Property.
- SECTION 6. The City Administrator is also authorized to execute a grant deed to convey the Property, upon satisfaction of pre-conveyance conditions in the Purchase and Sale Agreement.
- SECTION 7. Real Estate Division's administrative costs associated with the sale of the property, \$1,000 shall be reimbursed to Fund 1010, Org. 88639, Acct 48111, Project P47010 and to the Surplus Property Program \$113,425, with the remainder of \$164,575 to go to the Public Works Agency gas tax fund (2230), since the Property was originally purchased with gas tax funds for street-widening purposes.
- SECTION 8. All documents shall be approved as to form and legality by the City Attorney.

IN COUNCIL, OAKLAND, CALIFORNIA, _____, 2004
PASSED BY THE FOLLOWING VOTE:

AYES BROOKS, BRUNNER, CHANG, NADEL, QUAN, REID, WAN, AND
 PRESIDENT DE LA FUENTE

NOES-

ABSENT-

ABSTENTION-

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FINANCE & MANAGEMENT CMTE.
JUN 22 2004

ATTEST: _____
 CEDA FLOYD
 City Clerk and Clerk of the Council
 of the City of Oakland, California

EXHIBIT - "A"
DETAILED LEGAL DESCRIPTION

REAL PROPERTY in the City of Oakland, County of Alameda, State of California, described as Follows:

Assessor's Book # 0228, page #94, map of subdivision of Fruitvale Heights, tract #5513 of Alameda County Records. Known as civic address :3619 35th Avenue , Oakland, Ca. 94612.

APN # 28-0957-009-02

APN# 28-0957-011-03

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FINANCE & MANAGEMENT CMTE.
JUN 22 2004
