

**CITY OF OAKLAND  
AGENDA REPORT**

OFFICE OF THE CITY CLERK  
OAKLAND

2003 OCT 16 PM 3:19

TO: Office of the City Manager  
ATTN: Deborah Edgerly  
FROM: Community and Economic Development Agency  
DATE: October 28, 2003

**RE: A CITY ORDINANCE AND AGENCY RESOLUTION AUTHORIZING  
THE SALE OF 1072 55<sup>th</sup> STREET BY THE CITY TO THE  
REDEVELOPMENT AGENCY FOR \$415,000**

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**SUMMARY**

The Redevelopment Agency of the City of Oakland (Agency) proposes to purchase 1072 55<sup>th</sup> Street, a two-unit residence in North Oakland, from the City of Oakland. The Agency will give the City a promissory note for \$415,000, the appraised market value of the property, in exchange for title to the property.

The debt created by the promissory note will allow the Agency to collect additional tax increment revenue for several years, up to the \$415,000 amount, from the Stanford/Adeline Redevelopment Project Area. The revenues will be transferred to the City as loan payments, which in turn will reimburse the Community Development funds used to acquire the property.

**FISCAL IMPACT**

Redevelopment law allows an agency to claim tax increment revenue only to the extent that it has a need for it, such as a debt obligation. The Agency will purchase the property by giving the City a promissory note for \$415,000, with interest at 6% per year. With this debt, the Agency becomes able to collect tax increment revenues of about \$66,000 per year from the Stanford/Adeline Area; these will accrue to the Stanford/Adeline Operations Fund (9558). This revenue is included in the FY03-05 adopted Agency budget. This collection of tax increment will continue for approximately the next six years, until the debt is repaid. Payments on the note will begin by the end of June 2004.

The increment funds will be paid by the Agency's Stanford/Adeline Debt Fund (9613) to the City, which will in turn use it to reimburse the Community Development program (Fund 2108) for costs incurred in acquiring the 55<sup>th</sup> Street property. The Agency, as new owner of the property, can use the property however seems best, including selling it to raise funds for Agency use – most likely to assist with development of affordable housing via the Agency's Low and Moderate Income Housing Fund. Sales proceeds would not have to be used to repay the City note. The creation of the promissory note will have no impact on General Fund revenues.

Item: 6  
Community and Economic Development Committee  
October 28, 2003

## **BACKGROUND**

The Stanford/Adeline Redevelopment Project Area, established in 1973, is one of Oakland's earliest redevelopment areas. Property values in the area have increased substantially over the base year level, resulting in tax increment revenue which has been used for economic development, infrastructure improvements, and the development of affordable housing. In order to collect tax increment revenue in future years, the Agency must incur debt for the Stanford/Adeline Area before the end of calendar year 2003.

The property at 1072 55<sup>th</sup> St. is a residential duplex in North Oakland, built in the mid 1990s as **part** of an affordable housing program. The City had acquired the previously-vacant parcel in about 1990 with Community Development Block Grant funds, specifically for later housing use. Unfortunately, the eventual developer encountered various problems before the completed duplex could be sold, which ultimately led to the City taking ownership of the project through foreclosure.

In 2000, staff issued a Request for Proposals seeking a way that the property could be permanently operated as affordable housing; however, none of the proposals was acceptable. Once the current recommendation for creating Agency debt is completed, staff anticipates recommending sale of the property. That may be done as a sale for affordable housing, or, more likely, as a sale to the new Oakland Citywide Community Land Trust. Restrictions for long-term affordability would be included with a sale to the land trust.

## **KEY ISSUES AND IMPACTS**

Presently, the Stanford/Adeline Redevelopment Project does not have sufficient debt to collect the tax increment being generated. Continuing this loss of the tax increment revenue would be to miss an opportunity to collect significant available funds: approximately \$66,000 per year. This proposal provides a means to capture those funds, and recommends that they be transferred to the City to reimburse costs incurred in acquiring the property. The funds **from** the property sale will then be available for community development programs.

## **SUSTAINABLE OPPORTUNITIES**

### **Economic**

The proposed action will allow increased collection of tax increment revenues from the Stanford/Adeline Redevelopment Project Area. These funds will eventually be used to expand assistance to community development programs throughout the City.

### **Environmental**

This action will have no direct impact on the environment. Potential indirect benefits of collecting the increment include infill development on underutilized sites elsewhere in Oakland,

**Social Equity**

The action proposed here will indirectly generate new funds for City community development programs and services.

**DISABILITY AND SENIOR CITIZEN ACCESS**

The Agency's purchase of 1072 55<sup>th</sup> Street will have no direct impact on disability and senior citizen access. Newly available funds for community programs may be used for the benefit of seniors and the disabled, for example at existing City facilities for those groups.

**ACTION REQUESTED OF THE COUNCIL AND AGENCY MEMBERS**

Staff recommends that the Agency authorize the Agency Administrator to purchase 1072 55<sup>th</sup> St. from the City of Oakland in exchange for a promissory note for \$415,000, the appraised market value of the property. Staff further recommends that the City Council authorize the City Manager to sell the property to the Agency in exchange for the note.

Respectfully submitted,

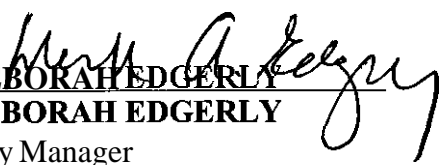


**DANIEL VANDERPRIEM**  
Director of Redevelopment, Economic  
Development, and Housing

Prepared by:

Roy L. Schweyer, Director  
Housing and Community Development  
and  
Jeffrey D. Angell  
Housing Development Coordinator

APPROVED AND FORWARDED TO THE  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



**DEBORAH EDGERLY**  
**DEBORAH EDGERLY**  
City Manager

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APPROVED AS TO FORM AND LEGALITY:

  
DEPUTY CITY ATTORNEY

## OAKLAND CITY COUNCIL

ORDINANCE NO. \_\_\_\_\_ C. M. S.

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**AN ORDINANCE AUTHORIZING THE SALE OF THE PROPERTY AT  
1072 55<sup>th</sup> STREET TO THE REDEVELOPMENT AGENCY FOR  
\$415,000**

**WHEREAS**, the City of Oakland ("City") owns the real property at 107255<sup>TH</sup> Street described in the Exhibit "A" attached hereto (APN 015-1308-009) (the "property"); and

**WHEREAS**, under Ordinance No. 11602 C.M.S., the sale of City real property to another public agency with the power of eminent domain is exempt from competitive bidding requirements; and

**WHEREAS**, the Redevelopment Agency desires to increase their debt in the Stanford/Adeline Redevelopment Project Area to accrue additional tax increment; and

**WHEREAS**, the Redevelopment Agency desires to purchase the property from the City at its fair market value; and

**WHEREAS**, the Redevelopment Agency has agreed to execute a promissory note in favor of the City for \$415,000, the appraised market value of the property, in exchange for the property; and

**WHEREAS**, the property was acquired with Community Development Block Grant ("CDBG") funds; and

**WHEREAS**, the Agency has agreed to continue to reserve the property for uses consistent with the national objectives of the CDBG program and otherwise comply with all other applicable CDBG regulations; and

**WHEREAS**, the requirements of the California Environmental Quality Act of 1970 ("CEQA), the State CEQA Guidelines, and the City CEQA Procedures have been satisfied, in that this transaction is categorically exempt from CEQA under section 15312 of the CEQA Guidelines (surplus government property sales); now, therefore

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

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COMMUNITY & ECONOMIC  
DEVELOPMENT CMTE  
OCT 28 2003

SECTION 1. The Council hereby authorizes the sale of the property at 107255<sup>th</sup> Street to the Redevelopment Agency for a price of \$415,000, and in exchange hereby authorizes the acceptance of a promissory note for \$415,000 from the Redevelopment Agency. The City Manager, or his or her designee, is authorized to negotiate and execute documents necessary to proceed with the sale of the property, including without limitation a grant deed.

SECTION 2. Payments on the promissory note will be deposited in Fund 2108.

SECTION 3. All documents shall be approved as to form and legality by the City Attorney's Office.

SECTION 4. This Ordinance shall take effect immediately upon its passage.

IN COUNCIL, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2003

PASSED BY THE FOLLOWING VOTE:

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

NOES-

ABSENT-

ABSTENTION-

**ATTEST:**

\_\_\_\_\_  
**CEDA FLOYD**  
City Clerk and Clerk of the Council  
of the City of Oakland, California

**EXHIBIT A**

**Legal Description of 1072 55<sup>th</sup> Street"**

Lot 20 in Block "D", as said lot and block are delineated and so designated upon that certain map entitled "The Gaskill Tract", filed February 2, 1877, in Book 17 of Maps, Page 40, Alameda County Records.

Assessor's Parcel No. 015-1308-009

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OCT 28 2003

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**NOTICE AND DIGEST**

**AN ORDINANCE AUTHORIZING THE SALE OF THE  
PROPERTY AT 1072 55<sup>th</sup> STREET TO THE REDEVELOPMENT  
AGENCY FOR \$415,000**

This Ordinance authorizes the City of Oakland to sell the real property at 1072 55<sup>th</sup> Street (APN 015-1308-009), to the Redevelopment Agency in exchange for a promissory note for \$415,000, the appraised market value of the property.


*6-1*  
**COMMUNITY & ECONOMIC  
DEVELOPMENT CMTE**

**OCT 28 2003**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2003 OCT 16 PM 3:19

APPROVED AS TO FORM AND LEGALITY:

  
AGENCY COUNSEL

## REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

RESOLUTION NO. \_\_\_\_\_ C.M.S.

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### A RESOLUTION AUTHORIZING THE PURCHASE OF THE PROPERTY AT 1072 55<sup>th</sup> STREET FROM THE CITY FOR \$415,000

**WHEREAS**, the City of Oakland ("City") owns the real property at 1072 55<sup>th</sup> Street described in the Exhibit " A attached hereto (APN 015-1308-009) (the "property"); and

**WHEREAS**, the Redevelopment Agency desires to establish debt in the Stanford/Adeline Project Area to accrue available tax increment; and

**WHEREAS**, the Redevelopment Agency desires to execute a promissory note in favor of the City for \$415,000, the appraised market value of the property, in exchange for the property; and

**WHEREAS**, the Redevelopment Agency will transfer funds from the Stanford/Adeline Operations Fund (9558) to the Stanford/Adeline Debt Fund (Fund 9613) to make payments on the note to the City; and

**WHEREAS**, the property was acquired with Community Development Block Grant ("CDBG") funds; and

**WHEREAS**, the Agency will continue to reserve the property for uses consistent with the national objectives of the CDBG program and otherwise comply with applicable CDBG regulations; and

**WHEREAS**, Health and Safety Code section 33391 authorizes a redevelopment agency to acquire real property for redevelopment or affordable housing purposes, and section 33396 authorizes the acceptance of real property from a public entity at the request of the legislative body; and

**WHEREAS**, the requirements of the California Environmental Quality Act of 1970 ("CEQA), the State CEQA Guidelines, and the City CEQA Procedures have been

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satisfied, in that this transaction is categorically exempt from CEQA under section 15312 of the CEQA Guidelines (surplus government property sales); now, therefore, be it

**RESOLVED:** That the Agency hereby authorizes the purchase and acceptance of the property at 107255<sup>th</sup> Street from the City for \$415,000, and in exchange authorizes the execution of a promissory note in favor of the City for \$415,000; and be it further

**RESOLVED:** That the Agency hereby authorizes use of tax increment funds from the Stanford/Adeline Debt Fund (Fund 9613) to make payments on the promissory note to the City; and be it further

**RESOLVED:** That the Agency Administrator or his or her designee, is authorized to negotiate and execute documents necessary to proceed with the purchase of the property, including without limitation a certificate of acceptance and the note; and be it further

**RESOLVED:** That the Agency Administrator or his or her designee is authorized to take any and all actions with respect to this transaction consistent with this Resolution and its basic purposes; and be it further

**RESOLVED:** That Agency Counsel shall review and approve as to form and legality all documents and agreements necessary to transfer and to accept the property.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2003

**PASSED BY THE FOLLOWING VOTE:**

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

NOES-

ABSENT-

ABSTENTION-

**ATTEST:** \_\_\_\_\_

**CEDA FLOYD**  
Secretary to the Redevelopment Agency  
of the City of Oakland, California

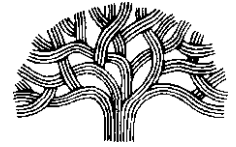
**EXHIBIT A**

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Lot 20 in Block "D", as said lot and block are delineated and so designated upon that certain map entitled "The Gaskill Tract", filed February 2, 1877, in Book 17 of Maps, Page 40, Alameda County Records.

Assessor's Parcel No. 015-1308-009

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1 FRANK H. OGAWA PLAZA . OAKLAND, CALIFORNIA 94612

Office of the City Auditor  
Roland E. Smith, CPA  
City Auditor

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NOVEMBER 4, 2003

IGNACIO DE LA FUENTE, PRESIDENT  
CITY COUNCIL  
OAKLAND, CALIFORNIA

PRESIDENT DE LA FUENTE AND MEMBERS OF THE CITY COUNCIL

**SUBJECT: A CITY ORDINANCE AND AN AGENCY RESOLUTION AUTHORIZING  
THE SALE OF 1072 55<sup>TH</sup> STREET BY THE CITY TO THE REDEVELOPMENT  
AGENCY FOR \$415,000**

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**SUMMARY**

The Measure H Charter Amendment, which was passed by the voters at the General election on November 6, 1996, requires the City Auditor to prepare impartial financial analyses of proposed major expenditures prior to their approval. The City of Oakland Administrative Instruction Number 137, which was effective May, 21, 1997, instructs agencies to submit draft reports on proposed expenditures of \$250,000 or more to the City Auditor at least one week before the final reports are due to the City Manager. Final reports are currently due to the City Manager 19 days before the City Council meeting date, and therefore we must receive draft reports at least 26 days before the City Council meeting date.

Although the draft report was due to us no later than October 2<sup>nd</sup>, we did not receive it until October 8<sup>th</sup>. Since our Office lost one of its six positions through Council mandate, we are unable to accommodate last-minute submissions.

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**CONCLUSIONS AND RECOMMENDATIONS**

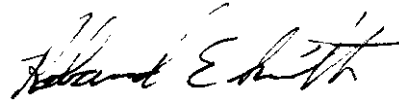
Since we did not receive the draft report in time for us to make an impartial financial analysis, we have drawn no conclusions and make no recommendations regarding the Proposed Resolution.

Submitted by:

Issued by:



Jack McGinity, CPA



Roland E. Smith, CPA  
City Auditor

Report completion date:  
October 15,2003

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