

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

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2008 MAY 15 PM 6:48

TO: Office of the Agency Administrator
ATTN: Deborah A. Edgerly
FROM: Community and Economic Development Agency
DATE: May 27, 2008

RE: **An Agency Resolution Authorizing the Purchase of Real Property at 5805 Foothill Boulevard from Fame Faith Foundation, LLC, A California Limited Liability Company for \$90,000 Plus Real Estate Closing Costs, Granting Fame Foundation, LLC a First Right to Repurchase the Property for A Redevelopment Project Within Eighteen Months, and Securing from Fame Faith Foundation, LLC the First Right to Purchase Properties Surrounding and Adjacent to 5805 Foothill Boulevard Currently Owned by Fame Faith Foundation, LLC**

SUMMARY

Approval by the Oakland Redevelopment Agency (the "Agency") is requested to purchase the property located at 5805 Foothill Boulevard, Oakland (APN # 038-3182-021) through a negotiated sales agreement. The subject property identified in Exhibit "A" is owned by Fame Faith Foundation, LLC, a California Limited Liability Company ("Fame") and is 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 property. This item will be on the agenda of the Project Area Committee (PAC) for discussion and approval at its June 2, 2008 meeting. If the PAC does not approve the purchase, this item must return to the Agency for approval before the acquisition may proceed.

FISCAL IMPACT

Community and Economic Development Agency staff propose the following Agency funding sources for this acquisition: \$90,000 plus customary real estate closing costs will be allocated from Central City East Tax Allocation Bond Series 2006A-T (Taxable)

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Bonds Fund (9543), Central City East Organization (88699), CCE Land Acquisition Project (S233351).

BACKGROUND

The acquisition of this property is an opportunity purchase. The property at 5805 Foothill Boulevard consists of an unimproved interior parcel encompassing 2,324 square feet of land area. The present owner purchased the subject parcel, along with three adjoining parcels on July 12, 2005 at a price of \$860,000 in order to redevelop the property. The Redevelopment Agency was contacted by the owner for possible acquisition due to financial issues and a purchase agreement was negotiated to acquire the property at the appraised price of \$90,000. Fame has requested a first right of repurchase of the property within 18 months for a future redevelopment project, and in exchange the Agency has requested a first right of purchase for the Fame owned parcels adjacent to and surrounding the Property. At present, the Fame property is vacant land ready for development. In 2007, the Agency executed an Owner Participation Agreement and provided a loan in the amount of \$175,000 to Fame for loan payment and a market analysis for the four properties that Fame owns at Foothill Boulevard and Seminary Avenue.

KEY ISSUES AND IMPACTS

The subject property is located in East Oakland on Foothill Boulevard near Seminary Avenue. The immediate objective of the acquisition is to secure a property that needs improvement and hold it for redevelopment. In the long run, control of this property is important to redevelopment efforts in the Central City East Redevelopment Project Area. All off-site improvements and public utilities are available at the site.

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 agreement to sell the property to the Agency for a total of \$90,000 plus real estate closing costs. The subject parcel 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. The possibility exists that the Agency could ultimately acquire the remaining 40,520 square feet of land ready for redevelopment through the first right to purchase from Fame. If Fame exercises its first right to repurchase the subject property, it will be for a redevelopment project that will improve and enhance the immediate area.

PROJECT DESCRIPTION

The property is located at 5805 Foothill Boulevard. It consists of a vacant site totaling 2,324 square feet. The topography is level and the frontage is improved with sidewalks, curbs, gutters, and storm drain. The site is zoned C-30 with a General Plan Designation of neighborhood center mixed use. The zoning allows for a maximum development of

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one unit per 450 square feet of site area. The highest and best use for this property at this time would be for a retail development project or a mixed use project with a residential component on the site.

The Conley Group was retained by the Agency to complete a market feasibility study and analysis for this area. The Conley Group has concluded that the property is suitable for development for stand alone retail, mixed use retail and housing uses. There is no project in place for the property at this time and the proposed acquisition is for land banking until such time as a project is identified.

SUSTAINABLE OPPORTUNITIES

Economic: In its present condition the subject property makes a minimum economic contribution to the area. The site is vacant land, providing a location for illegal dumping and other problems. Future projects at the subject property, 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 and development of the project site area at 5805 Foothill Boulevard 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

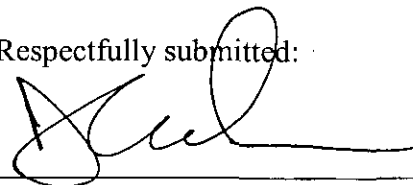
Staff recommends that the Agency adopt the resolution authorizing the purchase of real property at 5805 Foothill Boulevard, Oakland (APN 038-3182-021) from Fame Faith Foundation, LLC, for \$90,000, plus real estate closing costs and granting Fame Faith Foundation, LLC, the first right to repurchase the Property for a redevelopment project within the first 18 months after the Agency acquisition. Likewise, the Agency will obtain a first right to purchase the remainder of the Fame-owned properties adjacent to and surrounding the subject Property. Approving the Agency Resolution will further 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

purchase, then any recommendation to purchase the Property must again be presented to the Agency, along with the PAC recommendation.

ACTION REQUESTED OF CITY COUNCIL AND AGENCY

Council is requested to adopt the Resolution authorizing the purchase of real property at 5805 Foothill Boulevard, Oakland (APN 038-3182-021) from Fame Faith Foundation, LLC, for \$90,000, plus real estate closing cost and granting Fame Faith Foundation, LLC, the first right to repurchase of the property for a redevelopment project within the first eighteen months after the acquisition and obtaining from Fame Faith Foundation, LLC, a first right to purchase for the Agency of the Fame owned property adjacent to and surrounding the property. The acquisition may proceed if the PAC recommends such acquisition. However, if the PAC recommends against the acquisition, then staff must again seek Agency authorization for the purchase.

Respectfully submitted:



Dan Lindheim

Director

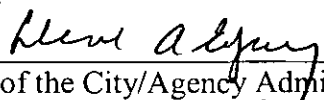
Community and Economic Development Agency

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

Reviewed by: Frank Fanelli, Manager
Real Estate Services Division

Prepared by: Hamid Ghaemmaghani
Real Estate Agent
Real Estate Services Division

APPROVED FOR FORWARDING TO
FINANCE AND MANAGEMENT COMMITTEE:


Office of the City/Agency Administrator

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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 5805 FOOTHILL BOULEVARD FROM FAME FAITH FOUNDATION, LLC, A CALIFORNIA LIMITED LIABILITY COMPANY FOR \$90,000 PLUS REAL ESTATE CLOSING COSTS, GRANTING FAME FOUNDATION LLC A FIRST RIGHT TO REPURCHASE THE PROPERTY FOR A REDEVELOPMENT PROJECT WITHIN EIGHTEEN MONTHS, AND SECURING FROM FAME FAITH FOUNDATION LLC THE FIRST RIGHT TO PURCHASE PROPERTIES SURROUNDING AND ADJACENT TO 5805 FOOTHILL BOULEVARD CURRENTLY OWNED BY FAME FAITH FOUNDATION, LLC

WHEREAS, the Central City East Redevelopment Plan 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 property located at 5805 Foothill Boulevard, illustrated in Exhibit A attached hereto (APN 038-3182-021) (the "Property") is within the Central City East Redevelopment Project Area in Oakland; and

WHEREAS, the Property is a vacant 2,324 square feet lot that is currently blighted and underutilized; and

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

WHEREAS, in 2007, the Agency entered an Owner Participation Agreement with Fame that provided a \$175,000 loan for a feasibility and market analysis and for loan payments on the Property and three adjacent parcels; and

WHEREAS, Fame Faith Foundation, LLC, the owner of the Property offered to sell the Property to the Redevelopment Agency of the City of Oakland (the "Agency") to assist the Agency in its redevelopment efforts in the Central City East Redevelopment Project Area; and

WHEREAS, Fame Faith Foundation, LLC owns three other parcels surrounding and adjacent to the Property, as illustrated in Exhibit B attached hereto within the Central City East Redevelopment Project Area in Oakland; and

WHEREAS, Fame Faith Foundation, LLC has requested a first right to repurchase the Property for a planned Redevelopment Project within the first eighteen months after the Agency acquisition; and

WHEREAS, the Agency has requested a first right to purchase the Fame Faith Foundation parcels (Exhibit B) adjacent to and surrounding the Property; 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 Property; and

WHEREAS, the property has been appraised, a Phase I environmental investigation has been completed and the Agency has executed an option contract to enter into a sale and purchase agreement with Fame Faith Foundation, LLC, the owner of the property, to acquire the Property rights for \$90,000, plus real estate closing costs; and

WHEREAS, the property owner has agreed to sell the Property to the Agency at the fair market value of \$90,000; 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 property 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 Property; 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 Sales Agreement for the purchase of Property located at 5805 Foothill Boulevard for an amount not exceed \$90,000, plus real estate closing costs; 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 Property with Redevelopment funds, the acquisition may not proceed without re-consideration and approval by the Agency; and be it

FURTHER RESOLVED: That the Agency shall offer Fame Faith Foundation, LLC a first right to repurchase the Property for a planned Redevelopment Project for eighteen months following the Agency's acquisition; and be it

FURTHER RESOLVED: That the Agency shall receive from Fame Faith Foundation, LLC the first right to purchase the adjacent and surrounding parcels owned by Fame Faith Foundation, LLC; and be it

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

1. That the funding of the acquisition of the 5805 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 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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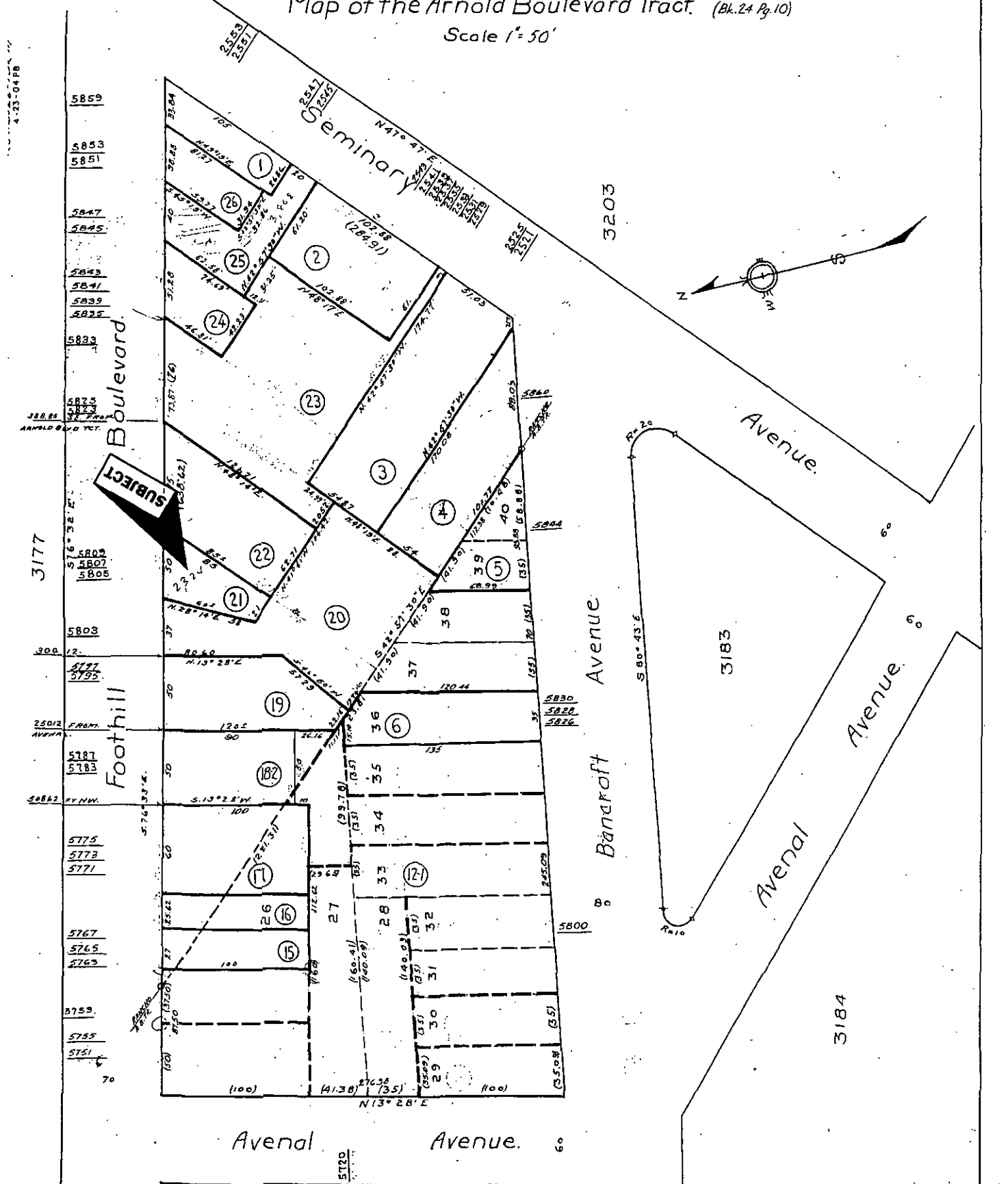
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Exhibit "A"

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lta, Etl. (Pt. Bk. 'A' Pg. 669)

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

Scale 1" = 50'



ASSESSOR'S MAP

Exhibit "B"

3182

Plc
fin...

4 P. 669)

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

Scale 1" = 50'

