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OFFICE OF THE CITY CLERK  
OAKLAND  
2009 JAN 29 PM 4:33

# REDEVELOPMENT AGENCY OF THE CITY OF OAKLAND

## AGENDA REPORT

**TO:** Office of the Agency Administrator  
**ATTN:** Dan Lindheim  
**FROM:** Community and Economic Development Agency  
**DATE:** February 10, 2009

**RE:** **An Agency Resolution Authorizing The Purchase Of Real Property At 5803-5833 Foothill Boulevard, From Fame Faith Foundation LLC For \$1,100,000 Less the Cost Of Any Environmental Site Remediation And Authorizing Up To \$10,000 For Real Estate Closing Costs**

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### SUMMARY

Approval by the Oakland Redevelopment Agency (the "Agency") is requested to purchase the properties located at 5803-5833 Foothill Boulevard, Oakland (Assessor's Parcel Numbers: 038-3182-020, 038-3182-021, 038-3182-022, 038-3182-023), (the "Properties"), through a negotiated sales agreement. The purchase will facilitate the improvement and future development of this location. The subject properties identified in Exhibit "A" are owned by Fame Faith Foundation LLC, 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. Staff recommends that the Oakland Redevelopment Agency adopt the attached resolution to authorize the acquisition of the subject properties. This item has been approved for acquisition by Project Area Committee (PAC) on June 2<sup>nd</sup>, 2008.

### FISCAL IMPACT

Community and Economic Development Agency staff propose the following Agency funding sources for this acquisition: \$1,100,000 plus an additional \$10,000 for customary real estate closing 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 of Foothill Boulevard and Seminary Avenue and consist of four adjacent vacant parcels encompassing a total of

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approximately 42,873 square feet. The Redevelopment Agency was contacted by the owner for possible acquisition. Through a negotiation process an option purchase agreement was negotiated to acquire the property at the appraised price of \$1,100,000 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 them for future planned redevelopment, and 2) work with the adjacent property owners on a strategic acquisition for a future redevelopment project. Thus far, the Agency has acquired three other parcels adjacent to this location. 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 Properties were appraised by an independent contract appraiser 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 \$1,100,000 plus closing costs, which are estimated at approximately \$10,000. The negotiated sales price does include an additional non-refundable option fee of \$5,000, which will be credited toward the purchase price 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 should be completed by the end of March of 2009. Staff has already completed a Phase I environmental investigation of the Properties. 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.

## 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 four adjacent vacant land parcels encompassing a total of  $\pm$  42,873 square feet with frontage on Foothill Boulevard and Bancroft Avenue. The topography is level and the frontage is improved with sidewalks, curbs, gutters, and a 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 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. A proposed mixed-use development would

include the parcels to be acquired in this transaction, three parcels previously acquired by the Agency and three parcels located between 5835 and 5851 Foothill Boulevard (the Agency is now in the negotiation process with the owners). Upon completion of the assemblage of the property, planning would commence on a development proposal. The development proposal would include a 15,000 square foot ground floor national retail anchor tenant as well as approximately 20,000 square feet of smaller retail space. In addition to the retail, the site would support up to 70 residential units at an average size of 1,100 square feet per unit. Parking for the development would include approximately 68 spaces for retail use and 104 residential spaces.

### **SUSTAINABLE OPPORTUNITIES**

***Economic:*** In their present condition the subject Properties make minimum economic contribution to the area. The vacant parcels provide a location for illegal dumping and other blight - related problems. Future projects at this location, such as retail center and potentially housing will improve neighborhood conditions, address the needs of the residents 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 further 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**

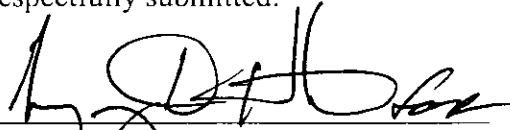
Staff recommends that the Agency adopt the Resolution authorizing the purchase of real property at 5803-5833 Foothill Boulevard, from Fame Faith Foundation LLC for \$1,100,000 less the cost of any environmental site remediation and authorizing up to \$10,000 for real estate closing costs. Approving the 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.

**ACTION REQUESTED OF CITY COUNCIL**

Council is requested to adopt the Resolution authorizing the purchase of real property at 5803-5833 Foothill Boulevard, from Fame Faith Foundation LLC for \$1,100,000 less the cost of any environmental site remediation and authorizing up to \$10,000 for real estate closing costs.

Respectfully submitted:



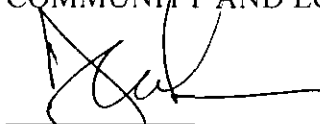
Dan Lindheim  
Director  
Community and Economic Development Agency

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  
COMMUNITY AND ECONOMIC DEVELOPMENT COMMITTEE:



Office of the City/Agency Administrator

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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.

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**AN AGENCY RESOLUTION AUTHORIZING THE PURCHASE OF REAL PROPERTY AT 5803-5833 FOOTHILL BOULEVARD, FROM FAME FAITH FOUNDATION LLC FOR \$1,100,000 LESS THE COST OF ANY ENVIRONMENTAL SITE REMEDIATION AND AUTHORIZING UP TO \$10,000 FOR REAL ESTATE CLOSING COSTS**

**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 5803-5833 Foothill Boulevard, depicted on Exhibit "A" attached hereto (Oakland Assessor's Parcel Numbers: 038-3182-020, 038-3182-021, 038-3182-022, 038-3182-023), (the "Properties") are within the Central City East Redevelopment Project Area in Oakland; and

**WHEREAS**, the Properties, consisting of four adjacent vacant parcels encompassing a total of approximately 42,873 square feet, are currently blighted and underutilized; and

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

**WHEREAS**, Fame Faith Foundation LLC, the owner, offered to sell the Properties to the Agency at fair market value of \$1,100,000, 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 has been appraised, a Phase I environmental investigation has been completed and the Agency has executed an option contract to enter into a purchase and sale agreement with the owner of the properties, to acquire the Property rights for \$1,100,000 less all costs for environmental site remediation ; and

**WHEREAS**, the cost of real estate closing is estimated to be \$10,000; 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 made a recommendation to the Agency to acquire 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 5803-5833 Foothill Boulevard for an amount not exceed \$1,100,000, less environmental site remediation costs, and authorizes \$10,000 for cost of real estate closing; and be it

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

1. That the funding of the acquisition of the 5803- 5833 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 underutilized parcels; 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 15061(b)(3) activity covered by the general rule, no significant effect on the environment and Section 15183 for projects consistent with the General Plan, of the CEQA Guidelines, and directs the Agency Administrator to file a Notice of Exemption and an Environmental Declaration under California Fish and Game Code section 711.4 with the County of Alameda; and be it

**FURTHER RESOLVED:** That the Agency Administrator or his designee is hereby authorized to negotiate and execute all agreements and 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 RESOLVED:** That Agency Counsel shall review and approve all documents and agreements related to this acquisition as to form and legality, and a copy shall be placed on file with the City Clerk.

IN AGENCY, OAKLAND, CALIFORNIA, \_\_\_\_\_, 2009

**PASSED BY THE FOLLOWING VOTE:**

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

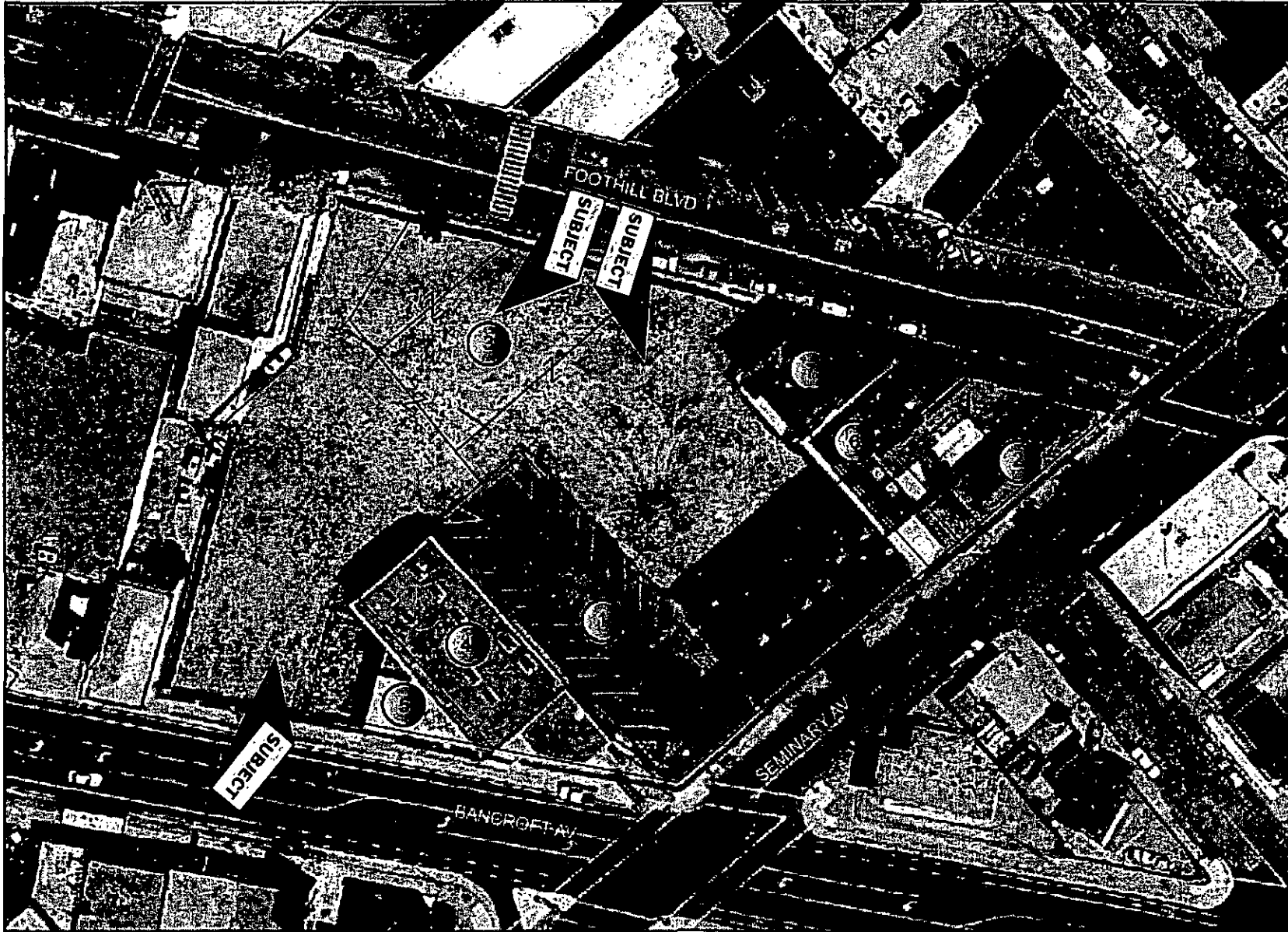
NOES-

ABSENT-

ABSTENTION-

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

# Foothill & Seminary



## LEGEND

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proposed project  
boundary

Z common ownership

● owner I.D.

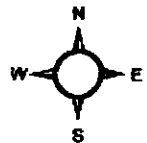


Exhibit A Site Map



CITY OF OAKLAND