

RESOLUTION NO. 2015-03-N.S.

A RESOLUTION OF THE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF BERKELEY APPROVING THE REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

WHEREAS, Health and Safety Code Section 34191.5(b) requires the Successor Agency to prepare a Long-Range Property Management Program ("LRPMP") that addresses the disposition and use of the real properties of the former Redevelopment Agency; and

WHEREAS, the Successor Agency prepared and submitted an LRPMP to the California Department of Finance (DOF) of its December 1, 2014 Oversight Board (OB) Resolution 2014-08 on December 5, 2014 that contains all the information required under Health and Safety Code Section 34191.5; and

WHEREAS, based on the DOF's review of the initial LRPMP, there were several issues that prevented its approval; and

WHEREAS, the DOF requested that the Successor Agency revise its LRPMP in response to their comments and resubmit it for further consideration; and

WHEREAS, it was advised that the Successor Agency remove 1631 Fifth Street and 1654 Fifth Street from the LRPMP and treat these properties as housing assets subject to transfer from the Successor Agency to the City of Berkeley in its role as the Successor Agency for Housing via Resolution for approval through Oversight Board action; and

WHEREAS, Successor Agency staff prepared a Housing Asset Transfer Resolution recommending that the Oversight Board approve transfer of these properties at the February 23, 2015 Oversight Board Meeting; and

WHEREAS, the Successor Agency has prepared its Revised LRPMP which is responsive to comments made by the DOF; and

WHEREAS, staff is recommending the remaining properties located at 1817-1819 Fourth Street be reclassified from Governmental Use to retention of the property for future development, then transferred to the City and held for the remaining term of the lease, and sold when the City has the opportunity to do so; and

WHEREAS, the City will enter into a Compensation Agreement with the affected taxing entities; and

APPROVAL OF REVISED LONG-RANGE PROPERTY MANAGEMENT PLAN
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WHEREAS, subject to approval by the Oversight Board, the Revised LRPMP will be submitted to the DOF; and

WHEREAS, once the Revised LRPMP has been approved by the DOF, the Successor Agency may act upon its implementation.

NOW THEREFORE, BE IT RESOLVED by the Berkeley Redevelopment Successor Agency Oversight Board, that it hereby approves Exhibit A, the attached Revised Long-Range Property Management Plan (LRPMP).

BE IT FURTHER RESOLVED by the Berkeley Redevelopment Successor Agency Oversight Board that it hereby approves Exhibit B, the attached Revised Long Range Property Management Plan Inventory Data Worksheet and upon approval of the Revised LRPMP by the DOF, the Berkeley Redevelopment Successor Agency Oversight Board authorizes and directs the Successor Agency, to dispose and use the Properties and any disposition proceeds in accordance with the Revised LRPMP and to take any action and execute any documents as may be necessary to implement the disposition and use of the Properties and any disposition proceeds in accordance with the terms approved in the Revised LRPMP and this Resolution.


AYES:

NOES:

ABSTAINED:

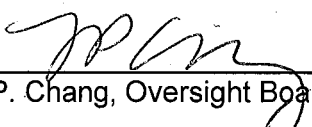
ABSENT:

Signed by:


Jesse Arreguin

Oversight Board Chair

ATTEST:


Lourdes P. Chang, Oversight Board Secretary



Revised Long-Range Property Management Plan

February 2015

City of Berkeley as Successor Agency
to the former
Berkeley Redevelopment Agency

SUCCESSOR AGENCY TO THE FORMER REDEVELOPMENT AGENCY OF THE CITY OF BERKELEY

REVISED LONG RANGE PROPERTY MANAGEMENT PLAN

INTRODUCTION

The Successor Agency to the former Redevelopment Agency of the City of Berkeley is required by AB1x26 and AB 1484 (Dissolution Bill) to prepare a Long-Range Property Management Plan. Pursuant to Health and Safety Code section 34191.5, within six months after receiving a Finding of Completion (FOC) from the Department of Finance (DOF), the Successor Agency is required to submit for approval to the Oversight Board and Finance a Long-Range Property Management Plan (LRPMP) that addresses the disposition and use of the real properties of the former redevelopment agency. The Successor Agency FOC was issued by the DOF on July 31, 2014.

The City of Berkeley Successor Agency submitted a Long-Range Property Management Plan to the California Department of Finance (DOF) of its December 1, 2014 Oversight Board (OB) Resolution 2014-08 on December 5, 2014 that addressed the disposition and use of the real properties of the former Berkeley Redevelopment Agency.

Based on the DOF's review of the initial LRPMP, there were several issues that prevented its approval. The DOF requested that the Successor Agency revise its LRPMP in response to their comments and resubmit it for further consideration. The DOF advised the Success Agency to remove 1631 Fifth Street and 1654 Fifth Street from the LRPMP and treat these properties as housing assets subject to transfer from the Successor Agency to the City of Berkeley in its role as the Successor Agency for Housing via resolution for approval through Oversight Board action.

Staff is also recommending to the Oversight Board that the remaining properties located at 1817-1819 Fourth Street be reclassified from Governmental Use. These properties would be retained for future development, and then transferred to the City of Berkeley. The properties would then be held for the remaining term of the lease, and sold when the City has the opportunity to do so. The City will enter into a Compensation Agreement pursuant to Health and Safety Code Section 34180(f) (the "Compensation Agreement") with the affected taxing entities (the "Taxing Entities").

The City originally purchased these properties as part of the West Berkeley Industrial Park Redevelopment Project, financed under a Neighborhood Development Program by annual increment financing through Housing and Urban Development (HUD) and local grants-in-aid by the City of Berkeley. The Community Development Block Grant (CDBG) Close-Out Agreement dated September 12, 1978, stipulates that the proceeds from the sale of all properties purchased with Federal financial assistance as part of the Neighborhood

Development Project, which includes the subject properties, must be treated as program income to the CDBG program under the provisions of 24 CFR 570.506. Therefore, sale proceeds must be returned to the City's CDBG Program and treated as program income to support CDBG-eligible activity. Therefore, any transfer or disposition of this property would have a net zero effect on any balance available to the taxing entities.

The Dissolution Bills established a Community Redevelopment Property Trust Fund, ("Property Trust Fund") administered by the Successor Agency, to serve as the repository of the former Agency's real properties upon approval of the Property Management Plan by the DOF. Properties will be transferred from the Property Trust Fund pursuant to this Property Management Plan.

The Property Management Plan addresses the disposition and use of the real properties of the former Agency and must consist of the following:

- Date of acquisition and its value at that time and an estimated current value
- Purpose for which property was acquired
- Parcel data for each property, including address, lot size and current zoning
- Estimate of current value of parcel including any appraisal information
- Estimate of any lease, rental, or other revenues generated by the property and description of the contractual requirement for disposition of those revenues
- History of environmental contamination or remediation efforts
- Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency
- A brief history of previous development proposals and activities, including the rental or lease of the property
- Identify the use or disposition strategy for the property

Permissible uses include the retention of the property for governmental use, the retention of the property for future development, the sale of the property, or the use of the property to fulfill an enforceable obligation.

- If the plan directs the use or liquidation of the property for a project identified in an approved redevelopment plan, the property shall transfer to the City.
- If the plan directs the liquidation of the property or the use of revenues generated from the property, such as lease or parking revenues, for any purpose other than to fulfill an enforceable obligation or other than that specified immediately above, the proceeds from the sale shall be distributed as property tax to the taxing entities.

Property cannot be transferred to the Successor Agency or City, unless the long-range property management plan has been approved by the Oversight Board and the Department of Finance.

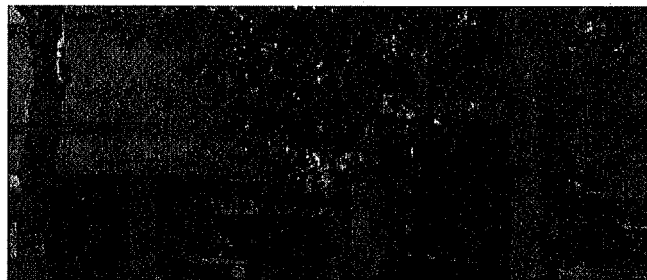
SUMMARY OF PROPERTIES OWNED BY THE SUCCESSOR AGENCY

APN Number: 057-2099-015 & 057-2099-014

Location: 1817 & 1819 Fourth Street

Current Use: Ground Lease

**Property #1 – 1817-1819 4th Street
(Commercial Ground Lease)**



1. Date of acquisition and its value at that time and an estimated current value

The former Redevelopment Agency acquired various parcels between 1969 and 1971. There are no records available regarding the value of the property at the time, however, the property at 1817 4th Street was purchased for \$13,125 and 1819 4th Street was purchased for \$5,625 as noted in the Close-Out Agreement. The Agency did not maintain cost records by parcel, as there is no relationship between costs incurred and the final disposition.

The estimated current value is to be determined. No current appraisal exists.

2. Purpose for which property was acquired

The parcels were acquired as part of Redevelopment Agency acquisitions to create an Industrial Park, under a "Neighborhood Development Program" with Federal Financial Assistance under Title 1 of the Housing Act of 1949 to "eliminate and prevent spread of slums and urban blight" Contract No. Calif. A-6 – LG).

3. Parcel data for each property, including address, lot size and current zoning

APN: 057-2099-015
Size: 8,750 sq. ft.
Address: 1817 Fourth Street
Zoning: Exempt Public Agency – Public (NEC)

APN: 057-2099-014
Size: 3,750 sq. ft.
Address: 1819 Fourth Street
Zoning: Exempt Public Agency – Public (NEC)

4. Estimate of current value of parcel including any appraisal information

TBD. The estimate of current value based on acquisition is \$18,750.00. Although no current appraisal exists; the City will determine the estimated value at the time of sale. Many factors would impact appraised value including location, physical characteristics, accessibility, existing easements, and other.

5. Estimate of any lease, rental, or other revenues generated by the property and description of the contractual requirement for disposition of those revenues

The property is subject to a ground lease with Abrams, Millikan & Kent that runs through October 15, 2051. The Lease may be extended at any time after the sixtieth (60th) year of the Initial Term; to a total period of not more than ninety-nine (99) years including the initial sixty-five (65) year term. The lease grants the tenant a right of first refusal to acquire the property if the Agency proposes to sell the property to anyone other than the City of Berkeley. The lease also requires the Agency and the tenant to negotiate in good faith for the sale of the property to the tenant at the end of the term of the lease.

The rent for the period October 16, 1986 and ending October 15, 1987, was \$202,000. After the first year of the Lease, the rent shall be \$1.00 per year. The tenant paid a total of \$65 in rent to cover the \$1/year until 2051. If the Lease is extended the rent for that period shall be the fair market value of the Lease, calculated as if the Property were vacant land.

Abrams Millikan & Kent own the improvements located on the property. Abrams Millikan & Kent refinanced this project, obtaining a loan which was secured by, a Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (the "Deed of Trust") in favor of the Bank encumbering the Tenant's leasehold interest under the Ground Lease.

Proceeds from the lease of the property are subject to a Closeout Agreement by and between the Redevelopment Agency of the City of Berkeley and the City of Berkeley relating to the Berkeley Neighborhood Development Program, Calif. A-6, which was executed September 12, 1978, implementing Contract No. Calif. A-6 (LG) dated March 13, 1970 with the U.S. Department of Housing and Urban Development. The proceeds will be treated as program income and re-used for activities allowed under the CDBG program requirements

6. History of environmental contamination or remediation efforts

There is no known history of environmental contamination on this site

7. Description of the property's potential for transit-oriented development and the advancement of the planning objectives of the successor agency

The site does not present an opportunity for transit-oriented development. The Successor Agency does not anticipate any further development of the property in the foreseeable future.

8. A brief history of previous development proposals and activities, including the rental or lease of the property

The property was purchased for and developed in conjunction with the development and operation of a building for retail and office use and associated improvements. The former Redevelopment Agency entered into a 65-year ground lease to provide an incentive to the developer to construct retail space.

9. Identify the use or disposition strategy for the property

Retention of the property for future development

10. Outline your disposition strategy for this property

Successor Agency staff recommends these properties be transferred to the City of Berkeley. The properties would then be held for the remaining term of the lease, and sold when the City has the opportunity to do so. The City will enter into a Compensation Agreement pursuant to Health and Safety Code Section 34180(f) (the "Compensation Agreement") with the affected taxing entities (the "Taxing Entities").

The lease grants the tenant a right of first refusal to acquire the property if the Agency proposes to sell the property to anyone other than the City of Berkeley. Disposition of the property before the initial lease term expires, will have almost no value because the rent for the property is \$1 a year until 2051, which means the rent stream will impact the value.

After 2051, if the tenant exercises its option or a prospective third party, the City will sell the property for fair market value based on current appraisals at that time; taking into consideration the many factors that would impact the appraised value including location, physical characteristics, accessibility, existing easements, and other.

The land for 4th Street was not acquired for low-and-moderate-income purposes – it was acquired as part of the West Berkeley Industrial Park Redevelopment Project, financed under a Neighborhood Development Program by annual increment financing through Housing and Urban Development (HUD) and local grants-in-aid by the City of Berkeley.

The proceeds from the sale of these properties shall be used subject to the Closeout Agreement by and between the Redevelopment Agency of the City of Berkeley and the City of Berkeley relating to the Berkeley Neighborhood Development Program, Calif. A-6, which was executed September 12, 1978, implementing Contract No. Calif. A-6 (LG) dated March 13, 1970 with the U.S. Department of Housing and Urban Development. The proceeds will be treated as program income and re-used for activities allowed under the CDBG program requirements.

