

The Successor Agency for the
Redevelopment Agency
of the City of Pittsburg

Executive Summary:

The Successor Agency for the Redevelopment Agency of the City of Pittsburg (Successor Agency) has revised its Long Range Property Management Plan (Revised LRPMP) for the disposition of various Successor Agency properties (Properties). These Properties consist of sites for the potential development of commercial/industrial and housing projects.

Due to limited funds, a sampling of the Properties was used to obtain appraisals; ranging from a single vacant parcel to a fully occupied and operating commercial property.

The Successor Agency retained the services of Mann & Associates – Appraisers/Consultants, a licensed appraisal company, to complete appraisal reports on seven properties. The Successor Agency also used an appraisal report provided to Tesoro Corporation by Carneghi-Blum & Partners, Inc. for the value assessment of waterfront properties. Table 1 lists the properties appraised.

Table 1

	APN	Address	Condition of Property	Appraised Value "As Is"	sq.ft	\$/sq. ft.
1	085-108-010	300 Cumberland Street	operating a brewery and tasting room	\$ 670,000	7,184	\$ 93.26
2	085-390-077	600-690 Railroad Avenue	10,000 sq ft of commercial space At Vidrio	\$ 1,100,000	12,327	\$ 89.24
3	085-260-044	559 W. 10th Street	vacant lot	\$ 350,000	38,768	\$ 9.03
4	085-205-004	1037 Cumberland Street	vacant lot	\$ 45,000	3,800	\$ 11.84
5	088-061-025	3745 Railroad Avenue	vacant lot	\$ 220,000	20,909	\$ 10.52
6	073-121-001	500 School Street	vacant lot	\$ 1,850,000	304,920	\$ 6.07
7	085-182-010	325 E. 10th Street	vacant building	\$ 300,000	10,304	\$ 29.11
8	073-010-011	no address	vacant waterfront lot	\$ 2,219,818	554,954	\$ 4.00-6.00

The above appraised values were extrapolated to like properties; thereby providing the Successor Agency an indication of the potential value of the Properties if disposed. However, in order to not over-inflate the values on some of the parcels evaluated, certain assumptions were made. Parcels with access issues were reduced by 25%. Contaminated sites were reduced by 25%. Challenged properties such as those with significant blighting issues were reduced by 25%. It is possible that an appraised value is reduced by as much as 75%.

Background:

On June 29, 2011, the Governor signed into law ABx1 26 (AB 26), also referred to as the "Dissolution Act" which automatically suspended redevelopment activities and on December 29, 2011, the California State Supreme Court upheld the provisions of AB 26, thereby dissolving all redevelopment agencies on February 1, 2012.

On May 24, 2012, staff conducted a presentation to the Oversight Board to the Successor Agency (Oversight Board) whereby the Properties were reviewed.

On June 27, 2012, the Governor signed into law budget trailer bill AB 1484 (AB 1484). Section 34191.1 of AB 1484 requires a successor agency to receive a finding of completion (Finding) by the California State Department of Finance (DOF) pursuant to Section 34179.7 before a successor agency submits its long range property management plan for consideration. Section 34179.7 requires a successor agency to make full payment of the amounts owed as reported by the county auditor-controller.

Section 34191.5 requires a successor agency to prepare a long range property management plan that addresses the disposition and use of the real properties of the former redevelopment agency. The long range property management plan shall be submitted to the Oversight Board and DOF for approval no later than six months after the Finding has been issued to the successor agency by the DOF.

Section 34191.3 states that if the DOF has not approved the long range property management plan by January 1, 2015, subdivision (e) of Section 34177 and subdivision (a) of Section 34181 shall be operative with respect to the successor agency. These sections govern the process by which property may be disposed.

On August 23, 2012, staff conducted a presentation to the Oversight Board, reviewing the Properties that may be disposed and their appraised values.

Strategy for Disposition:

The first phase of the Revised LRPMP is to place on the market the properties that have the highest potential for immediate disposition for the following reasons:

- Not encumbered by a lease or loan.
- No known contamination.
- Location.
- Size.

During the period the Properties are on the market, staff will work with its real estate professionals to monitor the activities of the Properties. If Properties in certain areas are not selling as quickly or sale prices to be realized are far below the anticipated values, then those Properties will be removed from the inventory and held for disposition at a later time, when the real estate market improves in the area.

To minimize a “fire sale” phenomenon, which decreases property values of the surrounding neighborhood, disposition of properties may be completed in phases and take advantage of private investments, thereby increasing property values.

The Successor Agency received its Finding in letter dated August 26, 2013.

The Successor Agency will interview and negotiate with real estate professionals for the marketing and sale of the Properties upon receiving approval of the Revised LRPMP. This process will commence with a request for proposal in order to determine which real estate professional is most qualified and will provide the most benefits for least cost.

The revenue derived from the sale of properties will assist in paying the Successor Agency’s enforceable obligations. Therefore, identifying the best market conditions for disposition is imperative.

Public Purpose Properties:

The Oversight Board approved Resolution 12-009 OSB on June 28, 2012 and submitted the resolution to the DOF on July 5, 2012. Pursuant to Resolution 12-009 OSB, the Successor Agency transferred various governmental use properties to the City of Pittsburg as permitted under California Health and Safety Code Section 34181(a) of AB x1 26. The DOF did not request a review of the Oversight Board action and therefore, Resolution 12-009 OSB and the transfer of the governmental use properties fully complied with AB x1 26 and AB 1484 and are deemed approved under Health and Safety Code Section 34179(h). Attached as Appendix A is Resolution 12-009 OSB.