

**CITY OF OAKLAND**  
**AGENDA REPORT**

FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

TO: **Office of the City Administrator**  
2010 FEB 25 10:16 AM Dan Lindheim  
FROM: **Community and Economic Development Agency**  
DATE: **March 9, 2010**

RE: **An Ordinance Authorizing The Sale of Two City-Owned Surplus Vacant Lots Located Between 1522 Grand View Drive And 1600 Grand View Drive To Hillside Homes For The Total Fair Market Value Of Four Hundred Thousand Dollars \$400,000**

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**SUMMARY**

Staff is requesting the approval of the City Council for the sale of a City-owned surplus property located between 1522 Grand View Drive and 1600 Grand View Drive, within the City of Oakland (Assessor Parcel Numbers 048H-7602-014 and 048H-7602-015), as identified in *Exhibit A* of the Ordinance (“the Property”), to Hill Side Homes Inc., in a two part transaction, for the total Fair Market Value of four hundred thousand dollars (\$400,000). The Real Estate Division continues its efforts to generate additional revenue and reduce the City’s maintenance expenses through the proactive identification and disposal of surplus property. The Property has been declared surplus property and has been available for sale for the past four years.

Pursuant to Ordinance No. 11602 C.M.S., the Property was offered originally for the sale to the general public at the City of Oakland, Real Estate Services Surplus Property Auction on November 18, 2005, but there were no bids for the Property. Real Estate Services marketed the Property, negotiated with several interested parties, and eventually reached an agreement with Hill Side Homes (the “Purchaser”) to sell the surplus Property, in a two part transaction, for a total fair market value of \$400,000. Hill Side Homes is a for-profit housing corporation that specializes in building residential homes on hill sides.

Staff recommends adoption of the Ordinance authorizing the City Administrator to enter into an Agreement with Hill Side Homes for the sale of the surplus Property located at Grand View Drive, in a two part transaction, for the fair market value of \$400,000.

**FISCAL IMPACT**

Sale proceeds of \$400,000 will be placed in General Purpose Fund (1010), Real Estate Services Organization (88639), Surplus Property Account (48111), Surplus Property Disposition Project (P47010), Real Estate Program (PS32).

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The sale is proposed as a two part transaction. The terms of the sale are as follows:

1. The Buyer will pay \$200,000 for each lot
2. The initial deposit will be \$5,000
3. The increased deposit of \$20,000 will be placed in escrow on or before March 5, 2010
4. The balance of the purchase is \$225,000, which is due in escrow on or before June 20, 2010 to close escrow on APN 048H-7602-014.
5. The sale proceeds of \$250,000 will be earmarked for fiscal year 2009-2010.
6. The remaining funds of \$150,000 to close escrow on APN 048H-7602-015 will occur on or before November 1, 2010.
7. The sale proceeds of \$150,000 will be earmarked for fiscal year 2010-2011.
8. If the buyer does not close escrow on the second parcel on or before November 1, 2010, the City will retain the \$50,000 option funds that were deposited in the fiscal year 2009-2010 transaction.

The funds from this property sale were included in the City Council's February 16, 2010 mid-year budget balancing action.

In addition, the City will receive its share of the future property taxes once the property is returned to the property tax rolls and will save the ongoing maintenance costs associated with the upkeep of the property. The purchaser will be responsible for all escrow fees, transfer tax, closing costs and liability exposure.

## **BACKGROUND**

The City-owned subject Property consists of two adjacent rectangular shaped parcels on a steep down slope containing about 32,000 square feet. The parcels are located on Grand View Drive in the Hiller Highland area of the City of Oakland, the zoning is R-30/S-18, and the General Plan is Hillside Residential for single family homes. The subject Property consists of two parcels

The Property is located in a desirable neighborhood of the City, and since the time of the auction, there has been some degree of interest expressed by potential purchasers. Over the past four years, the Real Estate Division worked with several interested parties in order to sell the property, but due to the declining real estate market and other constraints at this location, the Property remained unsold. However, earlier this year, in response to the City's marketing effort, Hill Side Homes Inc. approached the City and presented a proposal to purchase the Property.

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## **KEY ISSUES AND IMPACTS**

The sale of the property will relieve the City of ongoing liability and maintenance costs and will return the property to the tax rolls. There are no City subsidies involved in the sale of the surplus property. Selling this property will maximize the City's economic and non-economic return, generating additional property tax revenue to the City, eliminating ongoing maintenance costs, and reducing future litigation exposure.

## **SUSTAINABLE OPPORTUNITIES**

**Economic:** The sale of this Property will take an underutilized site and produce increased tax revenue for the City.

**Environmental:** Private ownership of the property will relieve the City of ongoing issues of weed abatement and fire suppression.

**Social Equity:** No social equity issues have been identified.

## **DISABILITIES AND SENIOR CITIZEN ACCESS**

Adoption of this Ordinance will have no direct impact on disabled and senior citizen access.

## **RECOMMENDATION AND RATIONALE**

Staff recommends that the City Council approve an Ordinance authorizing the City Administrator to enter into an agreement to sell City-owned surplus real property on Grand View Drive to Hill Side Homes Inc., in a two part transaction, for the fair market value of \$400,000.

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**ACTION REQUESTED OF THE CITY COUNCIL**

Council is requested to adopt the Ordinance authorizing the City Administrator to negotiate and execute an agreement to sell City-owned surplus real property located between 1522 Grand View Drive and 1600 Grand View Drive within the City of Oakland to Hill Side Homes for the total fair market value of four hundred thousand dollars.

Respectfully submitted,



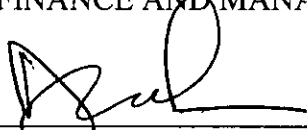
Walter S. Cohen, Director  
Community and Economic Development Agency

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

Reviewed by: Frank Fanelli, Manager  
Real Estate Services Division

Prepared by: Anthony J. Reese  
Real Estate Agent

APPROVED FOR FORWARDING TO THE  
FINANCE AND MANAGEMENT COMMITTEE:

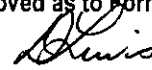


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FILED  
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Approved as to Form and Legality



CITY ATTORNEY

## OAKLAND CITY COUNCIL

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

**AN ORDINANCE AUTHORIZING THE SALE OF TWO CITY-OWNED SURPLUS VACANT LOTS LOCATED BETWEEN 1522 GRAND VIEW DRIVE AND 1600 GRAND VIEW DRIVE, VALUED AT TWO HUNDRED THOUSAND DOLLARS (\$200,000) EACH, TO HILLSIDE HOMES INC., FOR THE TOTAL FAIR MARKET VALUE OF FOUR HUNDRED THOUSAND DOLLARS (\$400,000)**

**WHEREAS**, the City of Oakland ("City") owns Property consisting of two parcels located between 1522 and 1600 Grand View Drive (APNs: 048H-7602-014, and 048H-7602-015), depicted on Exhibit A (the "Property"); and

**WHEREAS**, legal descriptions have been developed that indicate that the Property is approximately 32,000 square feet in area; and

**WHEREAS**, the Property is to be sold in "AS-IS" condition and the City makes no representations regarding land use or other permitting issues that may affect the property; and

**WHEREAS**, information regarding City surplus property was circulated pursuant to Government Code requirements and the Property was originally offered for sale to general public at the City of Oakland, Real Estate Services Surplus Property Auction on November 18, 2005; and

**WHEREAS**, there were no bids for the Property at the Auction; and

**WHEREAS**, in compliance with Ordinance No. 11602 C.M.S., the Real Estate Services Division, marketed the Property for four years before receiving a bid and proposing this sale of the Property; and

**WHEREAS**, market analysis establishes the Property's fair market value at \$200,000 for each lot, for a total Property value of \$400,000; and

**WHEREAS**, Hill Side Homes, Inc., has tendered an offer to purchase the Property for the full sale price of \$400,000, with a portion of the price to be paid in the current fiscal year ("FY") and the balance to be paid in FY 2010-2011, and to pay closing costs, as well; and

**WHEREAS**, after the Property is sold to Hill Side Homes, Inc., the City will receive property taxes and will save the cost of Property maintenance; and

**WHEREAS**, the requirements of the California Environmental Quality Act of 1970 ("CEQA"), the CEQA Guidelines as prescribed by the Secretary of Resources, and the provisions of the Environmental Review Regulations of the City of Oakland have been satisfied; now, therefore

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

**Section 1.** The City Council finds and determines that the herein-described real property is not needed for any public purpose, is surplus to the needs of the City, and the City has met the requirements of the Government Code regarding the sale of surplus land.

**Section 2.** The sale of the Property to Hill Side Homes, Inc. is in the City's best interest as it returns a property to the tax rolls, generates revenue for the General Fund and removes the Property from City maintenance responsibility.

**Section 3.** The City Administrator, or his designee, is authorized to accept the Offer to Purchase from Hills Side Homes, Inc., for the sum of \$400,000, and to execute Quitclaim Deeds conveying the Property. Hillside Homes Inc. must pay the City \$250,000 before June 30, 2010 to acquire the first lot, and an additional \$150,000 by November 1, 2010, for the second lot.

**Section 4.** The sales proceeds will be placed in General Purpose Fund (1010), Real Estate Services Organization (88639), Surplus Property Account (48111), Surplus Property Disposition Project (P47010), Real Estate Program (PS32).

**Section 5.** Pursuant to Ordinance No. 11602 C.M.S., the City Administrator may conduct a negotiated sale of the surplus Property because such sale is in the best interest of the City.

**Section 6.** The City Council has independently reviewed and considered this environmental determination, and the City Council finds and determines, based on the information in the staff report accompanying this Ordinance, that it can be seen with certainty that there is no possibility that the conveyance of the Property by the City to the Purchaser may have a significant effect on the environment, and therefore this action complies with CEQA because this action on the part of the City is exempt from CEQA pursuant to Section 15312 (Surplus Government Property Sales) of the CEQA guidelines;

**Section 7.** The City Administrator, or his designee, shall cause to be filed with the County of Alameda a Notice of Exemption and an Environmental Declaration (California Fish and Game Code Section 711.4) for this action.

**Section 8.** The City Administrator and the Manager, Real Estate Services are hereby authorized to negotiate and execute, amend, modify or extend all agreements, and to take any and all actions necessary, consistent with this Ordinance, to complete the sale of the Property.

**Section 9.** The Purchase and Sales Agreement and any other documents necessary for the sale of this property shall be approved as to form and legality by the City Attorney's Office and a copy shall be filed with the Office of the City Clerk.

**Section 10.** This Ordinance shall become effective immediately upon final adoption if it receives six or more affirmative votes; otherwise, it shall become effective upon the seventh day after final adoption.

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

**PASSED BY THE FOLLOWING VOTE:**

AYES- BROOKS, DE LA FUENTE, KAPLAN, KERNIGHAN, NADEL, QUAN, REID, and PRESIDENT BRUNNER

NOES-

ABSENT-

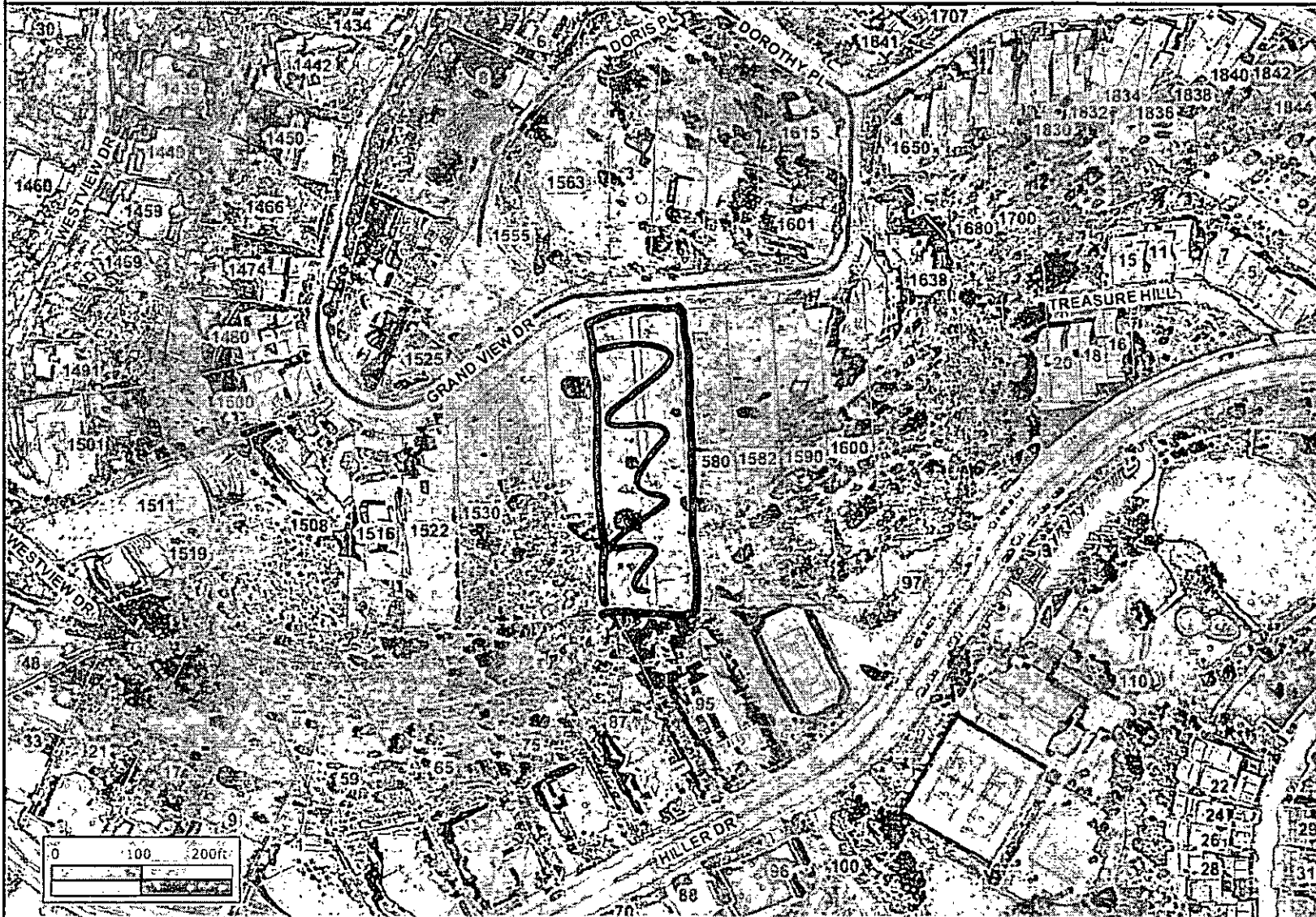
ABSTENTION-

ATTEST: \_\_\_\_\_  
LaTonda Simmons  
City Clerk and Clerk of the Council  
of the City of Oakland, California










DATE OF ATTESTATION: \_\_\_\_\_

# Exhibit "A"

## Grand View Lots



### Legend

-  Selected Features
-  City Limits
-  Wildfire Assessment District
-  Parcels
-  Freeways
-  Major Sts
-  Streets
-  Water
-  Land

It is imperative that you obtain BOTH the Zoning and General Plan designations for the property(s) you are searching for.

Questions? Contact a planner at (510) 238-3911.

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## NOTICE AND DIGEST

**AN ORDINANCE AUTHORIZING THE SALE OF TWO CITY-OWNED SURPLUS VACANT LOTS LOCATED BETWEEN 1522 GRAND VIEW DRIVE AND 1600 GRAND VIEW DRIVE TO HILLSIDE HOMES FOR THE TOTAL FAIR MARKET VALUE OF FOUR HUNDRED THOUSAND DOLLARS \$400,000**

An Ordinance has been prepared authorizing the City Administrator to sell surplus City-owned Property to Hill Side Homes, Inc.

The City-owned property consist of two rectangular shaped residential zoned parcels, Assessor Parcel Numbers, (APN: 048H-7602-014, and 048H-7602-015) on the hill side containing approximately thirty two thousand (32,000) square feet. The Property is surplus to the City. There are no City subsidies involved in the sale of this surplus property.