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OFFICE OF THE CITY CLERK  
OAKLAND

2015 OCT 29 PM 2: 28

# AGENDA REPORT

**TO:** Sabrina B. Landreth  
City Administrator

**FROM:** Mark Sawicki  
Director, Economic and  
Workforce Development

**SUBJECT:** Sale of Parcel at 1148 71<sup>st</sup> Avenue

**DATE:** October 19, 2015

City Administrator Approval

Date:

10/28/15

## RECOMMENDATION

**Staff Recommends That The City Council Adopt An Ordinance Authorizing City Administrator Or Designee To Negotiate And Execute A Purchase And Sales Agreement Between The City Of Oakland And Belter Palma And Juana Trujillo (Collectively, "Purchasers") For The Sale Of City-Owned Property Located At 1148 71<sup>st</sup> Avenue (APN 041-4135-028) For Twenty-Five Thousand Dollars (\$25,000)**

## EXECUTIVE SUMMARY

Staff is requesting City Council approval of the proposed ordinance for the sale of City-owned property located at 1148 71<sup>st</sup> Avenue, within the City of Oakland (Assessor Parcel Number 041-4135-028), as identified in **Attachment A** to the Ordinance (the "Property"). Information on the City-owned parcel has been circulated to all City agencies and other public agencies in May 2011 as required by Government Code. There was no interest expressed or offers received from other public agencies. The City then marketed the Property via City's website and Belter Palma and Juana Trujillo (collectively, the "Purchasers") was the only offer received. The proposed sale would be to Purchasers for the purchase price of twenty-five thousand dollars (\$25,000). The Property consists of about 3,000 square feet of vacant land located at 1148 71<sup>st</sup> Avenue. The Property's General Plan classification is Detached Unit Residential and the Property is zoned RD-2, consistent with the area's current residential uses. Staff's market analysis established the Property's value at \$25,000. In response, Purchasers delivered a signed Purchase and Sales Agreement (the "Purchase Agreement") dated July 17, 2015 to the City for the purchase price of the Property for \$25,000. Selling this Property makes good business sense because it would put the parcel to good use and improve the neighborhood by developing a residential unit on a vacant lot.

The terms and conditions of the Purchase Agreement include:

1. Purchase Price - Purchasers will pay \$25,000 (all cash).

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2. Down payment - \$2,500 will be deposited into escrow when the signed Purchase Agreement from Purchasers is delivered to the City.
3. Balance of the Purchase Price - \$22,500 from Purchaser will be deposited into escrow within 15 days after the date of City Council approval and the date the City signs the Purchase Agreement.
4. Close of Escrow - The escrow for the sale of the Property will close and the transaction will be completed within 30 days after the City Council approves the sale of the Property.
5. Closing Costs - Purchasers will be required to pay all closing costs, including the escrow fees, recording fees, and other related expenses.

### **BACKGROUND / LEGISLATIVE HISTORY**

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 vacant Property. This parcel was previously developed with a single family unit, but was seized and forfeited to the U.S. Marshal under Federal asset forfeiture law due to suspected drug trafficking activity in 2001. In 2002, the Property was then deeded to the City of Oakland via the Special Warranty Deed from the U.S. Marshal and the house was subsequently demolished. This vacant 3,000 square feet lot had gone through the surplus land circulation both internally and externally in May 2011 and went through the Planning Commission on June 1, 2011. It had been marketed at \$42,845 since December 2011. There were no offers submitted. In May 2014, this parcel was re-appraised and the asking price was adjusted to \$25,000. On December 2014, Belter Palma and Juana Trujillo, husband and wife, made the first full price offer to purchase this Property for \$25,000. Belter and Juana are both residents of Oakland and see this 3,000 square feet residential lot as a wonderful opportunity to build and own their first home for their family.

### **ANALYSIS AND POLICY ALTERNATIVES**

The analysis focuses on whether the City should sell the Property. Staff recommends the City should sell the Property for the following reasons:

1. The sale of the Property will generate \$25,000 in revenue to the City.
2. Sale of the Property will allow Purchasers to build a single family home and improve the neighborhood.
3. The sale of the Property will return the Property to tax rolls and generate additional property taxes and other ongoing fees and taxes to the City.
4. The Sale of the Property will eliminate the City's services for maintenance.

#### **Alternative 1 – Defer Sale**

One alternative to staff's recommendation is to defer a sale at this time. There is potential that the market value could rise and the City may realize more revenue. However, staff believes that City's interests are better served seeing the Property developed sooner rather than later.

As a sub-alternative, staff could seek interest from a not-for-profit like Habitat for Humanity who may utilize the property to build a below-market-rate single family home.

#### Alternative 2 – Lease Property

Council adopted a policy by Resolution 85324 C.M.S. in December 2014 to prefer leasing its properties rather than sale. Council also adopted Ordinance 13287 in December 2014 that directs staff to sell properties that are less than \$50,000 in value and 5,000 square feet in size.

Although leasing the property could allow the City to realize upside appreciation in value, it is highly unlikely that the City could identify an entity willing to build a single family home on leased land (other than perhaps a not-for-profit housing provider).

#### **FISCAL IMPACT**

There are no City subsidies involved in the sale of the Property. The sale proceeds of twenty-five thousand dollars (\$25,000) 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).

In addition, the City will receive its share of the future property taxes and other ongoing taxes and fees once the Property is returned to the property tax rolls and will save the ongoing maintenance costs associated with the upkeep of the Property and liability exposure. The Purchasers will be responsible for all City Real Estate Service Fees, escrow fees, transfer tax, closing costs, and title insurance.

#### **PUBLIC OUTREACH / INTEREST**

The Property was declared surplus property and information on the City-owned parcel was circulated to all City agencies and other public agencies as required by Government Code in May 2011. There was no interest expressed or offers received from the public agencies. The Property was made available to the market in December of 2011 at the list price of \$42,845. In May of 2014 the price was re-adjusted to \$25,000 based on the revised market analysis. The City received an offer from the Purchasers in December 2014 for the full list price of \$25,000. There have been no other offers received for this Property.

#### **COORDINATION**

There has been coordination with the Office of the City Attorney and the Controller's Bureau, which have reviewed this report and the proposed Ordinance.

**SUSTAINABLE OPPORTUNITIES**

**Economic:** The sale of this Property will take an underutilized site and produce increased tax revenue for the City. After the sale the Purchasers plans to construct a single-family home on the site which will generate additional Property taxes to the City.

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

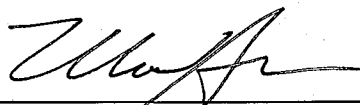
**Social Equity:** The sale of this Property will lead to additional housing in the City and an opportunity for citizens to participate in owning and developing real estate in the City of Oakland and assist in promoting real estate activity

**ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That The City Council Adopt An Ordinance Authorizing City Administrator Or Designee To Negotiate And Execute A Purchase And Sales Agreement Between The City Of Oakland And Belter Palma And Juana Trujillo (Collectively, "Purchasers") For The Sale Of City-Owned Property Located At 1148 71<sup>st</sup> Avenue (APN 041-4135-028) For Twenty-Five Thousand Dollars (\$25,000)

For questions regarding this report, please contact James Golde, Manager, Real Estate Division, at 510 238-6354.

Respectfully submitted,



Mark Sawicki, Director  
Economic and Workforce Development  
Department

Reviewed by:  
James Golde, Manager, Real Estate Division

Prepared by:  
Thang Nguyen, Real Estate Agent  
Real Estate Division

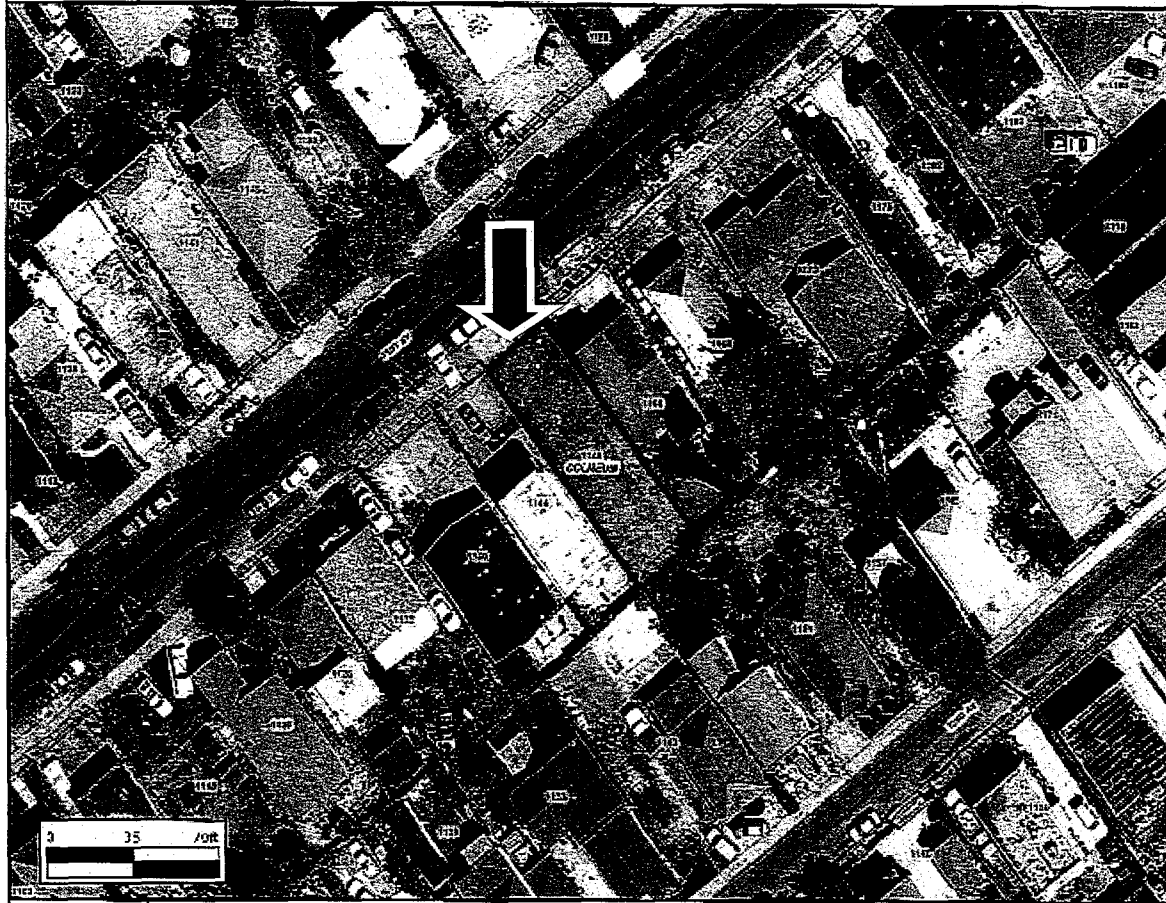
Attachments (1):

Attachment A - Area Map 1148 71<sup>st</sup> Ave

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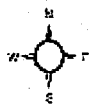
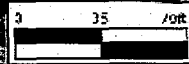
# 1148 71st Ave

APN 041-4135-028



### Legend

- Selected Features
- City Limits
- Parcels
- Freeways
- Major Sts
- Streets
- Water
- 2003 ORTHOPHOTOS



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)258-3511.

Printed: 3/16/2011 11:23:47 AM



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Approved as to Form and Legality

  
CITY ATTORNEY

## OAKLAND CITY COUNCIL

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

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**AN ORDINANCE AUTHORIZING CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND EXECUTE A PURCHASE AND SALES AGREEMENT BETWEEN THE CITY OF OAKLAND AND BELTER PALMA AND JUANA TRUJILLO (COLLECTIVELY, "PURCHASERS") FOR THE SALE OF CITY-OWNED PROPERTY LOCATED AT 1148 71<sup>ST</sup> AVENUE (APN 041-4135-028) FOR TWENTY-FIVE THOUSAND DOLLARS (\$25,000)**

**WHEREAS**, the City of Oakland ("City") owns a vacant down-sloping lot ("Property") consisting of about 3,000 square feet (APN: 041-4135-028) located at 1148 71<sup>st</sup> Avenue as depicted in Attachment A; 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**, an internally prepared appraisal establishes the Property's approximate value at \$25,000; and

**WHEREAS**, the City Real Estate Division communicated with all public agencies to determine whether the Property is needed for public purposes, and no agency expressed any interest in retaining the Property; and

**WHEREAS**, the Property's general plan classification is Detached Unit Residential and the Property is zoned RD-2, consistent with the area's current residential uses; and

**WHEREAS**, the Purchasers delivered a signed Purchase and Sales Agreement ("Purchase Agreement") dated July 17, 2015 with the required first deposit of \$2,500 to the City for the purchase of the Property for \$25,000; and

**WHEREAS**, after the Property is sold to Belter Palma and Juan Trujillo, 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 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 the Purchasers is in the City's best interest resulting in returning the Property to the tax rolls, generating revenue for the General Fund and removing the Property from City's maintenance responsibility.

**Section 3.** The City Administrator or designee, is authorized to enter into the Purchase Agreement for the sales price of \$25,000 with the Purchasers, and to execute a Quitclaim Deed conveying the Property.

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

**Section 5.** 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 6.** The City Administrator or 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 7.** The City Administrator and the Manager, Real Estate Division, 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 8.** The Purchase 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 9.** 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:

BROOKS, CAMPBELL WASHINGTON, GALLO, GUILLEN, KALB, KAPLAN, REID, and  
PRESIDENT GIBSON MCELHANEY

AYES-

NOES-

ABSENT-

ABSTENTION-

ATTEST: \_\_\_\_\_

LaTonda Simmons  
City Clerk and Clerk of Council  
of the City of Oakland, California

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



## NOTICE AND DIGEST

**AN ORDINANCE AUTHORIZING CITY ADMINISTRATOR OR DESIGNEE TO NEGOTIATE AND EXECUTE A PURCHASE AND SALES AGREEMENT BETWEEN THE CITY OF OAKLAND AND BELTER PALMA AND JUANA TRUJILLO (COLLECTIVELY, "PURCHASERS") FOR THE SALE OF CITY-OWNED PROPERTY LOCATED AT 1148 71<sup>ST</sup> AVENUE (APN 041-4135-028) FOR TWENTY-FIVE THOUSAND DOLLARS (\$25,000)**

This Ordinance would allow the City Administrator or designee to negotiate and execute a Purchase and Sales Agreement between the City of Oakland and Belter Palma and Juana Trujillo (collectively, "Purchasers") for the sale of City-owned property located at 1148 71<sup>st</sup> Avenue (APN 041-4135-028) for Twenty-five Thousand Dollars (\$25,000).

The Property is a vacant parcel of land about 3,000 square feet with a zoning designation of RD-2 (Detached Unit Residential).