

CITY OF OAKLAND
AGENDA REPORT

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 APR 30 PM 6:04

TO: Office of the City Administrator
ATTN: Dan Lindheim
FROM: Community and Economic Development Agency
DATE: May 12, 2009

RE: **An Ordinance Authorizing The City Administrator To Negotiate And Execute An Agreement To Sell Two City-Owned Surplus Real Properties Located Between 1522 Grand View Drive And 1600 Grand View Drive To Pentaiah Aisetty For One Hundred And Twenty Five Thousand Dollars (\$125,000)**

SUMMARY

Staff is requesting the approval of the City Council for the sale of a City-owned surplus property ("the Property") located between 1522 Grand View Drive and 1600 Grand View Drive, as identified in Exhibit A of the Ordinance (Assessor Parcel Numbers 048H-7602-012 and 048H-7602-013), within the City of Oakland for the total Fair Market Value of \$125,000. 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 disposal for the past three years.

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 not any bids for the Property. In the past three years, Real Estate Services, as authorized by Ordinance No. 11602 C.M.S., marketed the Property and negotiated with several interested parties and eventually reached an agreement with Pentaiah Aisetty to sell the surplus Property for a total market value of \$125,000.

Staff recommends adoption of the Ordinance authorizing the City Administrator to enter into a Purchase and Sales Agreement with Pentaiah Aisetty for the surplus Property located at Grand View Drive for market value of \$125,000.

FISCAL IMPACT

Sale proceeds of \$125,000 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). The sale of this property will help meet the surplus property revenue requirements in the Fiscal Year 2009-11 proposed biennial budget.

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 and closing costs and liability exposure.

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BACKGROUND

The City-owned subject Property consists of two adjacent rectangular shaped parcels on a steep down slope containing about 30,000 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, which were offered for sale at the November 18, 2005 City Surplus Property Auction, along with two adjacent parcels (APN: 048H-7602-014 and 048H-7602-015) and four unrelated parcels. The four parcels at Grand View Drive offered different degrees of desirability and values. The best parcel (APN: 048-7602-015), located in the northern part of Grand View, offered the best value, followed by (APN: 048-7602-014). The other two parcels (subject Property) were less valuable due to a steep slope and the presence of an old retaining wall, which may hamper future development since it may have to be replaced by the newer type of retaining wall that offers more support. In the fall of 2005, at the time of the City Surplus Property Auction, Oakland was enjoying a robust real estate market. The City was able to sell all of the surplus properties at prices above market value, except the four Parcels located at Grand View Drive, on the day of the auction. There were not any offers/bids for any of the four parcels at Grand View at the surplus auction.

In order to sell the Parcels, the Real Estate Division staff began to market the parcels on Grand View Drive by various methods, which included signage, website (oaklandnet.com) presence and advertising. All four parcels on Grand View Drive were marketed together in order to create incentive for a single buyer/builder to purchase and to develop the Parcels together to gain efficiencies and cost saving in design and construction. The purchase and development of these parcels proved to be a challenging project and prospective interested buyers faced the following obstacles in the development process:

1. Hillside Residential classification imposes additional conditions and covenants in the development process.
2. The steep slope of the properties would increase the cost of foundation and preparation of the site.
3. The parcels are burdened by a BART easement.
4. Based on an initial analysis by the Environmental Service Division, it was determined that there was old creek bed through the parcels.
5. The existence of an old retaining wall on Grand View Drive on the border of the subject Property reduces accessibility and the Building Codes requires 40 feet set back from the retaining wall to the new building.
6. City records indicate past slide issues at this location.
7. Based on feasibility and analysis by various architects and interested buyers, it was determined that it would be extremely difficult to build on parcel (APN: 048-7602-012) which is one the parcels that makes up the subject Property.

On a positive note, the Property is located in a desirable neighborhood of the City and there was some degree of interest in the past three years to purchase the properties. Real Estate Division

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worked with several interested parties in the past three years in order to sell the property, but due to the condition of the declining real estate market and other constraints at this location, the properties remained unsold.

KEY ISSUES AND IMPACTS

Earlier this year, Pentaiah Aisetty approached the City and presented a proposal to purchase the two less desirable parcels that are difficult to develop (Subject Property). Real Estate would have preferred to sell all four adjacent parcels at the same time; however, the more desirable and valuable parcels will remain unsold. Staff believe that the sale of proposed in this action will enhance the marketing of the other two parcels in the future. To summarize, all four available parcels on Grand View Drive were not sold in the City's Surplus Property Auction in 2005. Since that time, the Real Estate Division has continued to package and market the four parcels at Grand View Drive. Pentaiah Aisetty is now interested in purchasing two of the remaining four parcels.

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, thereby generating additional property tax revenue to the City, eliminate ongoing maintenance, and reduce 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 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

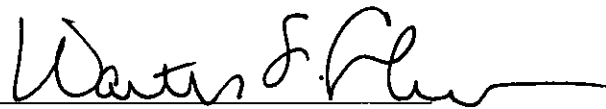
Staff recommends that the City Council approve an Ordinance authorizing the City Administrator to enter into a purchase and sales agreement to sell to Pentaiah Aisetty the City owned surplus Property (APN:048H-7602-012 and 048H-7602-013) located at Grand View Drive for the market value of \$125,000.

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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 a purchase and sale agreement to sell City-owned surplus real property located between 1522 Grand View Drive and 1600 Grand View Drive within the City of Oakland for the total market value of one hundred and twenty five 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: Hamid Ghaemmaghani
Real Estate Agent

APPROVED FOR FORWARDING TO THE
FINANCE AND MANAGEMENT COMMITTEE



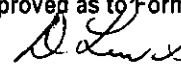
Office of City Administrator

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FILED
OFFICE OF THE CITY CLERK
OAKLAND

2009 APR 30 PM 6:34

Approved as to Form and Legality



CITY ATTORNEY

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C. M. S.

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN AGREEMENT TO SELL TWO CITY-OWNED SURPLUS REAL PROPERTIES LOCATED BETWEEN 1522 GRAND VIEW DRIVE AND 1600 GRAND VIEW DRIVE TO PENTAIAH AISETTY FOR ONE HUNDRED AND TWENTY FIVE THOUSAND (\$125,000) DOLLARS

WHEREAS, the City of Oakland ("City") own Property consisting of two parcels located on Grand View Drive, Assessor Parcel Numbers, (APN: 048H-7602-012, and 048H-7602-013) depicted on - Exhibit "A" "the Property"; and

WHEREAS, a legal description has been developed that indicates that the Property is approximately 30,000 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 the 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, Real Estate Services Division, as authorized by Ordinance # No. 11602 C.M.S., marketed the Property for over three years before receiving a bid; and

WHEREAS, market analysis establishes the Property's market value at \$125,000; and

WHEREAS, Pentaiah Aisetty, has tendered an offer to purchase the Property in the amount of \$125,000; and

WHEREAS, Pentaiah Aisetty has agreed to pay the City the total amount of the sale price and additional administrative fees for the subject property; and

WHEREAS, after the Property is sold to Pentaiah Aisetty, the City will receive property taxes and will save the cost of maintaining the Property; 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 Government Code regarding the sale of surplus land.

Section 2. The sale of the Property to Pentaiah Aisetty 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 negotiate, execute and accept the Offer to Purchase and Sales Agreement from Pentaiah Aisetty for the sum of \$125,000 and to execute a Quitclaim Deed conveying the Property, and any and all other documents necessary to effectuate the sale of the Property.

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). The sale of this Property will help meet the surplus property revenue requirements in the proposed Fiscal Years 2009-11 biannual budget.

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 Manager, Real Estate Services is hereby authorized 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-

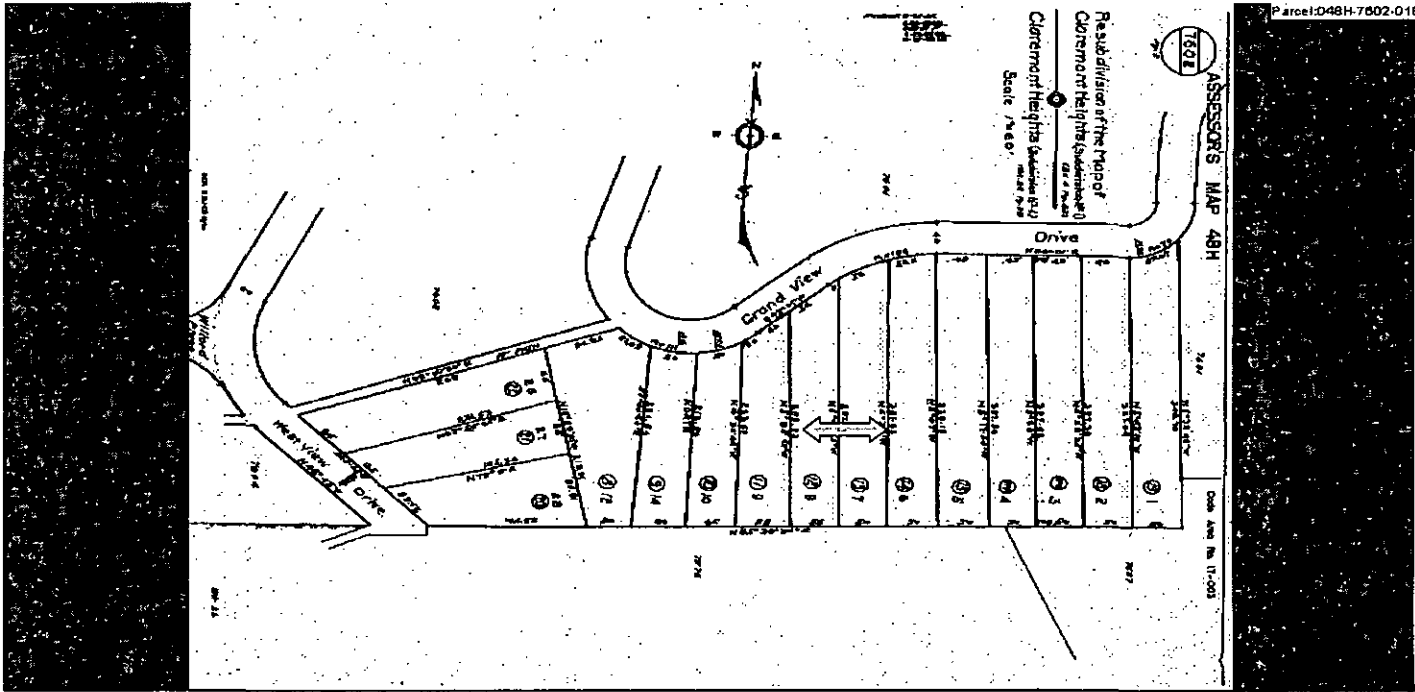
ABSTENTION-

ATTEST: _____

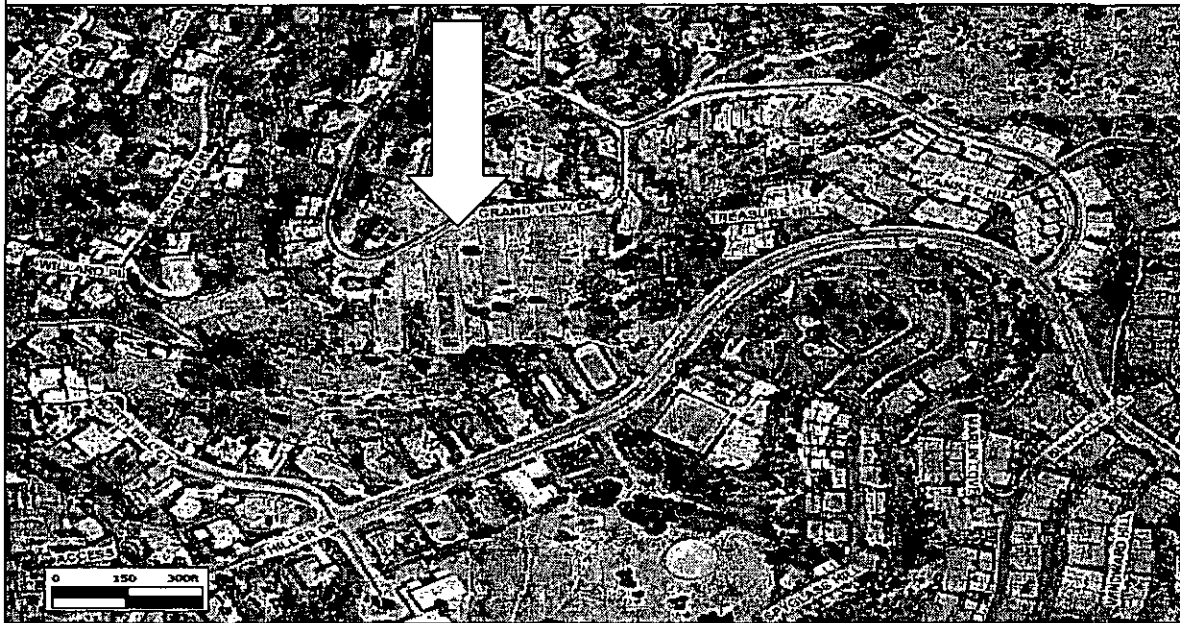
LaTonda Simmons
City Clerk and Clerk of the Council
of the City of Oakland, California

DATE OF ATTESTATION : _____

EXHIBIT "A"



Grand View Dr



Legend	
	Selected Features
	City Limits
	Parcels
	Freeways
	Highways
	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)230-3911.
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NOTICE AND DIGEST

AN ORDINANCE AUTHORIZING THE CITY ADMINISTRATOR TO NEGOTIATE AND EXECUTE AN AGREEMENT TO SELL TWO CITY-OWNED SURPLUS REAL PROPERTIES LOCATED BETWEEN 1522 GRAND VIEW DRIVE AND 1600 GRAND VIEW DRIVE FOR ONE HUNDRED AND TWENTY FIVE THOUSAND (\$125,000) DOLLARS

An Ordinance has been prepared authorizing the City Administrator to sell surplus City-owned Property to Pentaiah Aisetty.

The City-owned property consist of two rectangular shaped residential zoned parcels, Assessor Parcel Numbers, (APN: 048H-7602-012, and 048H-7602-013) on the hill side containing approximately thirty thousand (30,000) square feet. The Property is surplus to the City. There are no City subsidies involved in the sale of this surplus property.