



CITY OF OAKLAND

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OFFICE OF THE CITY CLERK  
OAKLAND

2014 SEP -3 PM 2: 54

# AGENDA REPORT

**TO:** HENRY L. GARDNER  
INTERIM CITY ADMINISTRATOR

**FROM:** RACHEL FLYNN

**SUBJECT:** Sale of 51<sup>st</sup> Street and Lawton Avenue

**DATE:** August 25, 2014

City Administrator  
Approval

Date 9-2-14

**COUNCIL DISTRICT: 1**

## RECOMMENDATION

Staff recommends that the City Council adopt:

**An Ordinance Authorizing The Interim City Administrator To Negotiate and Execute A Purchase And Sales Agreement To Sell Portions of City-Owned Surplus Real Property Located On 51<sup>st</sup> Street At (APN 013-1141-046-02) And (APN 013-1141-047-04) To Urban Infill Development, LLC, For Not Less Than Four Thousand Eight Hundred Twenty One Dollars (\$4,821)**

## EXECUTIVE SUMMARY

Pursuant to Ordinance No. 11602 C.M.S., which established procedures for the sale of City owned surplus real property and as a result of the adjacent property owner's request, staff recommends adoption of an Ordinance authorizing the Interim City Administrator to enter into a Purchase and Sales Agreement with Urban Infill Development, LLC (the "Buyer") for not less than four thousand eight hundred twenty one dollars (\$4,821).

The Buyer owns APN 013-1141-047-05 (the "Buyer's Property") which is located on 51<sup>st</sup> Street. The Buyer's Property is landlocked by two City-owned surplus parcels. Subdividing and selling nine hundred four (904) square feet of City-owned parcels located on 51<sup>st</sup> Street (APN 013-1141-046-02) and (APN 013-1141-047-04) (collectively, the "City Property") to the Buyer, as illustrated in *Exhibit A* to the attached Ordinance, allows the Buyer's Property to have access to 51<sup>st</sup> Street and would enable the Buyer to develop a residential duplex.

The City has determined that revenue from selling the Property would benefit the City and the reuse of these parcels would benefit the surrounding community.

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The City Property will be sold in an "as is" condition. The City reserves the right to reject any and all contract terms presented by the Buyer that are not deemed in the best interest of the City. The Purchase and Sales agreement will provide for the forfeiture of the deposit for any breach by the Buyer of the Purchase and Sales Agreement.

### **OUTCOME**

City would enter into a Purchase and Sales Agreement with the Buyer for the sale of portions of City Property. The Buyer intends to develop market rate housing thereby increasing the housing inventory in the City and resulting in increased property tax revenue for the City.

### **BACKGROUND/LEGISLATIVE HISTORY**

The City Property consists of two flat parcels containing approximately two thousand and seven (2007) square feet of land. The City Property is adjacent to 51<sup>st</sup> street and is located in front of the Buyer's Property. The parcels are located in Council District 1 near the 51<sup>st</sup> Street exit off of Highway 24 in the City of Oakland. The parcels are zoned RM-1, Residential Mixed One.

The parcels are located in a residential neighborhood near Oakland Technical High School, Oakland Department of Motor Vehicles, Temescal Pool and Temescal Plaza.

### **ANALYSIS**

"Landlocked Property" is property completely surrounded by land belonging to others, without access to public streets, roads or highways. Typically this results in property that is unproductive and relatively useless. The City did not market the property for sale to the general public because it is in the City's best interests to sell the property to the Buyer, the abutting property owner. This would allow development of market rate housing, thereby increasing the housing inventory in the City and resulting in increased property tax revenue for the City.

The Buyer's Property is landlocked by two City owned surplus parcels. As a result, the Buyer's Property has no access to a 51<sup>st</sup> Street (a public street).

APN 013-1141-046-02 is owned by the City and is approximately 846 square feet. This parcel will be subdivided in two parts. Approximately five hundred twenty six (526) square feet will be sold to the Buyer and approximately three hundred twenty (320) square feet will be dedicated to 51st Street for use as the above ground Pedestal owned by Pacific Gas and Electric Company. The Buyer will pay all costs associated with the relocation of the above ground Pedestal.

APN 013-1141-047-04 is owned by the City and is approximately one thousand one hundred sixty one (1161) square feet. The parcel will be subdivided in two parts. Approximately three hundred seventy eight (378) square feet will be sold to the Buyer and approximately seven hundred eighty three (783) square feet will be dedicated to 51st Street for the purposes described above..

Selling these properties will maximize the City's economic and non-economic return, generating additional property tax revenue to the City, eliminating ongoing maintenance and fire suppression costs and reduce future litigation exposure.

Selling the property to a housing developer will yield the City transfer tax, increased annual property tax, local construction jobs and increased housing inventory in Oakland.

### **PUBLIC OUTREACH/INTEREST**

The public will receive notice as required by the subdivision process of the Oakland Planning code, the Oakland Sunshine Ordinance and Brown Act.

### **COORDINATION**

There has been internal and external coordination with the developer, Real Estate Services Department, the Planning Department, the Office of the City Attorney and the Budget Office.

### **COST SUMMARY/IMPLICATIONS**

The City Property will be sold in an "as is" condition. The minimum acceptable purchase price is four thousand eight hundred twenty one dollars (\$4,821). The Buyer will pay all escrow fees, title fees, transfer tax and other closing costs.

The net sale 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).

In addition, the City will receive its share of the transfer tax, increased property tax after the parcels are developed and will save on the ongoing maintenance costs associated with the upkeep of the property and liability exposure.

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**SUSTAINABLE OPPORTUNITIES**

***Economic:*** The sale of the City Property will take underutilized sites and produce increased property tax revenue for the City. After the sale the Buyer will develop market rate housing which will contribute to job creation, new property tax and increased housing inventory in Oakland.

***Environmental:*** This proposed action does not provide any environmental benefits.


***Social Equity:*** This proposed action does not provide any social equity benefits.

**CEQA**

This report is not a project under CEQA.

For questions regarding this report, please contact Gregory Hunter, Manager, Project Implementation at 510-238-2992.

Respectfully submitted,



Rachel Flynn, Director  
Economic and Workforce Development  
Department

Reviewed by:  
Gregory Hunter, Manager, Project Implementation  
James Golde, Manager, Real Estate Services

Prepared by:  
Anthony J. Reese, Real Estate Agent  
Real Estate Services Division

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**WHEREAS**, APN 013-1141-047-04 is owned by the City and is approximately one thousand one hundred sixty one (1161) square feet. The parcel will be subdivided in two parts. Part one approximately three hundred seventy eight (378) square feet will be sold and part two will be dedicated to 51st Street; and

**WHEREAS**, the Buyer intends to construct a residential duplex on the Property and sell the units which will yield the City the transfer tax, increased annual property tax, local construction jobs and increased housing inventory in Oakland; and

**WHEREAS**, Selling the Property will eliminate the City's ongoing maintenance and fire suppression costs and reduce future litigation exposure; and

**WHEREAS**, Pursuant to Ordinance No. 11602 C.M.S., which established procedures for the sale of City-owned surplus real property, staff recommends adoption of this Ordinance authorizing the Interim City Administrator to enter into a Purchase and Sales Agreement with the Buyer for the disposition of portions of APN 013-1141-046-02 and APN 013-1141-047-04; and

**WHEREAS**, The Property will be sold in an "as is" condition. The minimum acceptable purchase price is four thousand eight hundred twenty one dollars (\$4,821). The Buyer will pay all escrow fees, title fees, transfer tax and other closing cost; and

**WHEREAS**, The City reserves the right to reject any and all contract terms presented by the Buyer that are not deemed in the best interest of the City. The Purchase and Sales agreement will provide for the forfeiture of the deposit for any breach by the Buyer of the Purchase and Sales Agreement; and

**WHEREAS**, The Interim City Administrator has determined that the property should be conveyed as authorized by Ordinance No. 11602 C.M.S; and

**WHEREAS**, Per Ordinance No. 11602 Council has made a finding and determination that waiving the competitive bidding process and selling the Property to the abutting property own is in the best interests of the City because the abutting property owner is landlocked; therefore; and

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** The City Council finds and determines the foregoing recitals to be true and correct and hereby makes them a part of this Ordinance.

**SECTION 2.** In compliance with Ordinance No. 11602 C.M.S. the Interim City Administrator and / or his designee is authorized execute all documents necessary to sale the property to the Buyer.



**SECTION 3.** The Office of the City Attorney shall review and approve the Purchase and Sales agreement as to form and legality and a copy shall be placed on file with the City Clerk.

**SECTION 4.** This Ordinance has been approved by the Office of the City Attorney as to form and legality.

**SECTION 5. Severability.** If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

**SECTION 6. Effective Date.** This ordinance shall become effective immediately on 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, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF AND  
PRESIDENT KERNIGHAN

AYES -

NOES -

ABSENT -

ABSTENTION -

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

LATONDA SIMMONS  
City Clerk and Clerk of the Council  
of the City of Oakland, California

Date of Attestation: \_\_\_\_\_

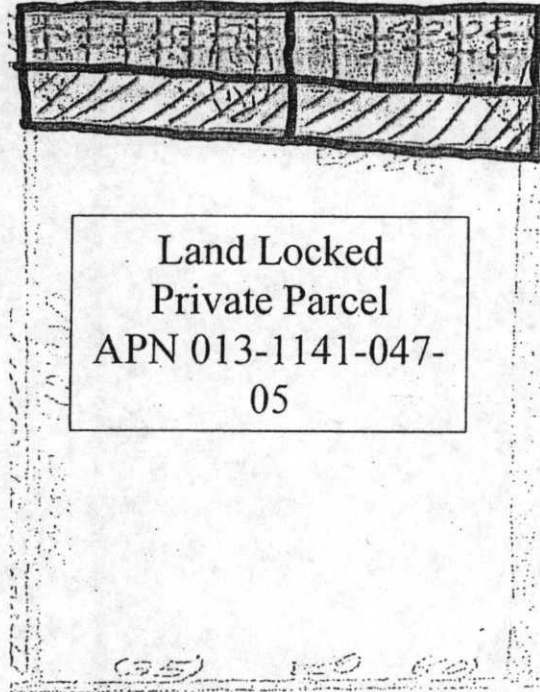
## **NOTICE AND DIGEST**

**An Ordinance Authorizing The Interim City Administrator To Negotiate and Execute A Purchase And Sales Agreement To Sell Portions of City-Owned Surplus Real Property Located On 51<sup>st</sup> Street At (APN 013-1141-046-02) And (APN 013-1141-047-04) To Urban Infill Development, LLC, For Not Less Than Four Thousand Eight Hundred Twenty One Dollars (\$4,821)**



Exhibit A

51<sup>st</sup> St. and Lawton Ave.



Legend



Portion of City owned surplus property for sale



Portion of City owned property dedicated to right of way

Exhibit A-1  
51<sup>st</sup> St. & Lawton Ave.

