

# City of Los Angeles

CALIFORNIA



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September 20, 2017

Honorable Councilmembers  
City of Los Angeles  
C/O City Clerk  
Room 395, City Hall  
Los Angeles, CA 90012

## **PROPOSAL TO SELL FIVE SURPLUS CITY-OWNED PROPERTIES AT PUBLIC AUCTION – CD 3**

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### **SUMMARY**

The Department of General Services (GSD), Real Estate Division (RES) proposes to sell at public auction five surplus City-owned properties located in Council District 3. This property is more fully described in the attached Ordinance and Notice of Sale.

A Class "A" appraisal to determine the estimated fair market value of the properties was provided by a GSD contract appraiser. Based on this estimate of value, a minimum opening bid for the five parcels was established as set forth on the attached Ordinance and Notice of Sale, in order to encourage competitive bidding.

The initial Council Motion, dated November 11, 2016, declared the properties as Surplus Property, requested a Class A appraisal of the properties and directed GSD to prepare documents for the potential sale of the properties. On December 14, 2016 a report for a transfer of funds to Public Works, Bureau of Engineering for Geotechnical Evaluation Reports of the properties was adopted by Council. The Geotechnical Evaluation Reports were completed on August 22, 2017.

### **PROPERTY DESCRIPTION**

Parcel 1 is a vacant lot, located at 18801 W. Edleen Drive, with an approximate lot size of 20,700 square feet.

Parcel 2 is a vacant lot, located at 18807 W. Edleen Drive, with an approximate lot size of 18,200 square feet.

Parcel 3 is a vacant lot, located at 18813 W. Edleen Drive, with an approximate lot size of 18,400 square feet.

Parcel 4 is a vacant lot, located at 18817 W. Edleen Drive, with an approximate lot size of 19,100 square feet.

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Parcel 5 is a vacant lot, located at 18821 W. Edleen Drive, with an approximate lot size of 19,000 square feet.

## **BACKGROUND**

The established City procedures for selling surplus property requires the property be offered to the appropriate governmental agencies for park and recreation purposes, open space, or for low-income housing purposes. Six empty parcels were initially identified in a Motion submitted on November 22, 2016. One objection from the Santa Monica Mountains Conservancy (SMMC) was received to the sale of the empty parcel, located at 18825 W. Edleen Drive, and the request was made for the City to sell the parcel to SMMC through the Direct Sales process. No other objections were received from the notified agencies during the specified 60-day waiting period.

A Public Works, Bureau of Engineering (BOE) report submitted and approved by the City Council on December 14, 2016, directed the transfer of funds for the geotechnical evaluation of the W. Edleen Drive parcels. The geotechnical reports were completed on August 22, 2017 and will be made available as disclosures to any potential bidders of the properties.

The Bureau of Engineering (BOE), Survey Section, provided the legal descriptions of the properties, and any reservation or exception of portions of the real property for easements or rights required by the City were retained. The City Planning Department was also notified of the sale and concurred with the proposal to sell the properties or waived its response rights to comment on the sales.

The Councilmember in whose district the properties are located has been notified of the proposed sales and concurs in the sale of the properties.

The sales are all cash sales with the City requiring, prior to the commencement of the bidding, a 10 percent deposit or \$10,000, whichever is less, on each property based on the established minimum opening bid. The successful bidder/bidders (buyer/buyers) must deposit within 10 working days from the date of the auction an additional deposit to make the total deposit held by the City equal to 10 percent of the purchase price per property. Any property that fails to close escrow will be offered to the second, then third, and finally to the fourth highest bidder upon the same terms and conditions specified in the Ordinance and Notice of Sale.

The properties are sold AS IS, and prospective buyers will be advised that some of the properties are subject to certain governmental and/or regulatory requirements including the Hillside Ordinance in the Zoning Code of the Department of Building and Safety, the City's Coastal policies and requirements of the State Coastal Commission. They will also be provided with additional real estate disclosures as required by law. Each sale transaction will also be subject to covenants, conditions, restrictions, reservations, encroachments, easements, rights, and rights of way of record or which are apparent from a visual inspection of the properties.

The prospective buyer(s) shall pay all recording fees, documentary transfer taxes, one-half of escrow fees, policy of title insurance, messenger service fees, broker's commission, if any, other real estate transaction taxes, fees, or application, and personal property taxes where applicable. The successful bidder(s) will also be responsible for a survey of the property at his/her expense. The buyer(s) have three months to close the sale after the date of notification confirming the sale. However, if payment is deferred for more than two months after the notice confirming the sale, interest at one percent (1 percent) per month or fraction thereof shall be charged for each month or fraction thereof in excess of two months.

**NET PROCEEDS OF SALE**

The proceeds of the sales, after deducting the cost of escrow and other associated sale costs, will be deposited 50 percent to the General Fund and 50 percent to CD 3 Real Property Trust Fund.

**FISCAL IMPACT STATEMENT**

The sale of the properties will generate a one-time gross revenue to the City of approximately \$2.5 million based on the minimum bid set for the parcels, prior to the payment of the costs of sale. The net proceeds will be deposited in the appropriate accounts as provided by law. The sales will eliminate the need for continued maintenance of the properties. In addition, it will return the properties to the County tax rolls and will generate annual revenues from the payment of property taxes.

**RECOMMENDATION**

That the City Council:

1. Approve the Motion set forth on November 22, 2016, declaring the City-owned parcels at 18801, 18807, 18813, 18817 and 18821 as surplus assets to be prepared for sale at public auction.
2. Determine that the real properties, as described on the enclosed draft Ordinance and Notice of Sale, are no longer required for the use of the City and that the public interest or necessity require their sale;
3. Adopt the proposed Ordinance and Notice of Sale establishing the proposed minimum bid as set forth in said Ordinance and Notice of Sale;
3. Instruct the Department of General Services, Real Estate Services Division to complete the transaction as outlined in the Ordinance and Notice of Sale and deposit the net proceeds of the sale into the appropriate account(s) as provided by law.

Should you need additional information, please contact David Roberts at (213) 922-8546.



Tony M. Royster  
General Manager

Enclosures