

City of Los Angeles

CALIFORNIA



ERIC GARCETTI
MAYOR

TONY M. ROYSTER
GENERAL MANAGER
AND
CITY PURCHASING AGENT

DEPARTMENT OF
GENERAL SERVICES
ROOM 701
CITY HALL SOUTH
111 EAST FIRST STREET
LOS ANGELES, CA 90012
(213) 928-9555
FAX No. (213) 928-9515

April 7, 2017

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

PROPOSAL TO SELL 2 SURPLUS CITY-OWNED PROPERTIES AT PUBLIC AUCTION – CD 11 and CD 15

SUMMARY

The Department of General Services (GSD), Real Estate Division (RES) proposes to sell at public auction two surplus City-owned properties located in Council District 11 and 15. These properties are more fully described in the attached Ordinance and Notice of Sale.

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

PROPERTY DESCRIPTION

Parcel 1 is located at 15206 Earlam Street, Pacific Palisades, is a single-family home with two bedrooms, two baths, 1,656 square feet built in 1948, with an approximate lot size of 9,938 square feet.

Parcel 2 is located at 438 N. Mesa Street, San Pedro, a one story, decommissioned fire station, 5,080 square feet, built in 1912 and renovated in 1950, with an approximate lot size of 9,000 square feet.

BACKGROUND

The established City procedures for selling surplus property require that the property be offered to the appropriate governmental agencies for park and recreation purposes, open space, or for low-income housing purposes. No objections were received from the notified agencies during the specified 60-day waiting period.

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 property or waived its response rights to comment on the sale.

The Councilmembers in whose districts the properties are located have been notified of the proposed sale and concur in the sale of the properties.

The sale is an all cash sale 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 (buyer) 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. 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. The City will pay for a one-year home warranty protection for the single-family homes from close of escrow, with the buyer paying any service calls.

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. The sale 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 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 will also be responsible for a survey of the property at his/her expense. The buyer has 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 sale after deducting the cost of escrow and other associated sale costs will be deposited in the Potrero Canyon Trust Fund, for the Earlham property and to the Mesa property proceeds will be deposited Affordable Housing Trust Fund (AHTF).

FISCAL IMPACT STATEMENT

The sale of the properties will generate one-time gross revenue to the City of approximately \$2.2 million based on the minimum bids set for each parcel, prior to the payment of the costs of sale. The net proceeds will be deposited in the appropriate accounts as provided by law. The sale 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. 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;

2. Adopt the proposed Ordinance and Notice of Sale establishing the proposed minimum bids 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