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PROPERTY DISPOSITION GUIDELINES

Oversight Board of the Successor Agency to the Redevelopment Agency of the City of Fresno

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INTRODUCTION

On February 1, 2012, pursuant to AB x1 26 (Dissolution Act), the City of Fresno determined that it would serve as the Successor Agency (SA) to the former Redevelopment Agency of the City of Fresno. As part of the wind-down of former redevelopment activities, the Successor Agency and Oversight Board are required to dispose of certain property assets pursuant to AB 26 and AB 1484.

CITY CLERK, FRESNO CA

Under Section 34177(e) of the Dissolution Act, the Successor Agency is to dispose of assets and properties "expeditiously and in a manner aimed at maximizing value." Given the large number of properties in the Long Range Property Management Plan (LRPMP), it is important that the sale of properties occurs in an orderly and strategic manner centered on objectives to maximize value and prevent the re-establishment of blight. Based on these objectives, guidelines have been developed to establish general policies and procedures in a manner to allow for flexibility in strategic, orderly property disposition. Of the four permissible use categories outlined in AB 1484 (i.e. government use, enforceable obligation, future development and for sale) the guidelines address For Sale properties as identified in the in the LRPMP. Several disposition methods are set forth for consideration and use on a case-by-case basis. Members of the public shall have the ability to talk to the Successor Agency or the Oversight Board if there are issues they want to raise.

DISPOSITION GUIDELINES FOR SALE PROPERTIES

I. PROPERTY PREPARATION

Preliminary Title Reports: Preliminary title reports will be obtained to identify issues that may affect the condition or marketability of title, such as easements, covenants, conditions and restrictions, and outstanding liens.

Appraisals: Third-party appraisals will be obtained for properties except where size is less than .10 and value estimated to be less than $10,000. Multiple parcels may be valued together within a single appraisal to increase value, improve marketability and streamline resale. A professional broker's opinion may be obtained on parcels less than .10 of an acre and $10,000 in value.

Parcel Consolidation: In some instances, the Agency owns an area of contiguous land comprised of multiple parcels that gain development feasibility and economic value by being marketed together. In some cases, the individual Agency owned parcels are smaller than the minimum lot size required for development and would benefit by consolidation with adjacent Agency owned parcels. On a case-by-case basis, staff will evaluate the inventory and where appropriate package parcels (the Property) for solicitation to improve marketability, increase value and streamline the resale of the properties.

Environmental Reports: Preliminary environmental reports will be obtained to identify environmental conditions that may affect the reuse or marketability of the property.

II. REMNANT PROPERTIES

In some instances there are isolated remnant parcels that have little or no marketable value due to their size, location, condition and/or configuration that are costly to maintain and are not acceptable to a government entity. These parcels will be offered to the adjacent owners on terms that seek to maximize the consideration for transfer while incentivizing the adjacent owners to receive such conveyance to avoid costs of maintenance, liability etc.

III. RIGHT OF FIRST REFUSAL

The City shall have a right of first refusal in connection with the purchase of certain property indicated in the LRPMP. Such right of first refusal may be exercised by means of the City: (i) notifying the Oversight Board of the City's interest to acquire the property for monetary consideration in an amount not less than appraised value and equal to or greater than offers received through solicitation process; and (ii) obtaining approval of such purchase by the Oversight Board. It is understood that such purchases may be subject to compensation agreements with other taxing entities as required under Health and Safety Code Section 34180.

IV. DISPOSITION METHODS

A. OPEN MARKET SOLICITATION (Request for Offer to Purchase)

DESCRIPTION: Successor Agency will prepare written solicitation for sale of property which may include a single parcel or group of parcels (the Property).Such written solicitation may include but shall not be limited to: APN(s); Location; Zoning; Size; and Listing price.

TERMS: The listing price for the Property shall be not less than fair market value established by an appraisal. Purchase price shall be all cash at closing, no seller financing

REQUIREMENTS Submittal requirements may include but not be limited to: written offers; all buyers listed and identified; and, type/sources of financing.

MARKETING: Successor staff will market the property in one or more of the following ways:

Prepare written solicitation in a format to accommodate posting on electronic listing sites and as hard copy flyer;

Place the Properties on multiple listing services including Loopnet, CoStar and the Successor Agency website;

Place the properties in a newspaper(s) of general circulation including a local paper;

Provide E-mail notifications to brokers, interested parties and solicitation lists.

Utilize property posting, flyers and targeted marketing as appropriate etc.

SELECTION: Highest purchase price shall guide selection. Where there are two or more offers Agency may request a highest and best offer. Offers presented for approval will generally be in the form of a written purchase and sale agreement (or similar instrument).Nothing in the Disposition Guidelines shall obligate the Successor Agency or Oversight Board to select an offer. The Agency and Oversight Board may, in the exercise of their discretion, accept, conditionally accept or reject any or all offers submitted.

B. REQUEST FOR OFFER TO PURCHASE INCLUDING PROPOSED DEVELOPMENT

This method is the same as above except that respondents must submit within a specified time period and describe the intended development and/or rehabilitation and end use of the property with an estimated value and timeframe. The selection may be based on the greatest value and benefit including purchase price. If two respondents offer a price that is equal to or greater than appraised value the selection may consider the additional value created from the development/rehabilitation/use etc.

DESCRIPTION: Successor Agency will prepare written solicitation for sale of property which may include a single parcel or group of parcels (the Property).Such written solicitation may include but shall not be limited to: APN(s); Location; Zoning; Size; and Listing price.

TERMS: The listing price for the Property shall be not less than fair market value established by an appraisal. Purchase price shall be all cash at closing, no seller financing

REQUIREMENTS Submittal requirements may include but not be limited to: written offers; all buyers listed and identified; description of proposed development, rehabilitation or reuse; estimated added value and economic benefit to property and area; funding source; timetable and, type/sources of financing.

MARKETING: Successor staff will market the property in one or more of the following ways:

Prepare written solicitation in a format to accommodate posting on electronic listing sites and as hard copy flyer;

Place the Properties on multiple listing services including Loopnet, CoStar and the Successor Agency website;

Provide E-mail notifications to brokers, interested parties and solicitation lists;

Place the properties in a newspaper(s) of general circulation including a local paper;

Utilize property posting, flyers and targeted marketing as appropriate etc.

SELECTION: Highest value including purchase price shall guide selection. Where there are two or more responses the Agency may request a highest and best offer. All costs associated

with submitting an offer/proposal shall be borne solely by the party submitting such document(s). Offers presented for approval will generally be in the form of a written purchase and sale agreement (or similar instrument).Nothing in the Disposition Guidelines shall obligate the Successor Agency or Oversight Board to select an offer or proposal. The Agency and Oversight Board may, in the exercise of their discretion, accept, conditionally accept or reject any or all offers submitted. Where permitted by law and where the Agency deems it advisable to do so, the Agency may disclose the highest bid amount.

*Adjacent Development: Where the for sale property is adjacent to a parcel(s) held by a developer or owner of an existing or planned development project, the owner or developer may submit facts to demonstrate added value through purchase of the for sale property in conjunction with their property.

C. AUCTION

If the Successor Agency and the Oversight Board determine that it is feasible to market and dispose of property via auction, the Agency may auction property pursuant to guidelines within this section. The following process will be followed.

DESCRIPTION: Successor Agency will prepare written solicitation for sale of property which may include a single parcel or group of parcels (the Property). Such written solicitation may include but shall not be limited to: APN(s); Location; Zoning; Size; and Reserve price.

TERMS: The reserve (minimum bid) price for the Property shall be not less than fair market value established by an appraisal. Purchase price shall be all cash at closing, no seller financing.

MARKETING:

NOTE: In addition to the following, marketing will have been done under one of the prior disposition methods.

The properties shall be posted in a local newspaper(s) of general circulation no less than once a week for six successive weeks prior to auction that includes notice of bid submission time and place and time and place of auction.

In addition the property may be marketed in one or more of the following ways:

Prepare written solicitation in a format to accommodate posting on electronic listing sites and as hard copy flyer;

Place the Properties on multiple listing services including Loopnet, CoStar and the Successor Agency website;

Provide E-mail notifications to brokers, interested parties and solicitation lists;

Utilize property posting, flyers and targeted marketing as appropriate etc.

GENERAL PROCEDURES

Written bids will be submitted to the City Clerk's Office no later than 5 pm one business day prior to the auction in a sealed envelope labeled with the Assessor Parcel Number(s) number with a certified or cashier's check in the sum of 5% of the reserve price payable to the Successor Agency. When submitting the written bid, the bidder must provide the Clerk with the correct legal entity name, address and phone contact to be used in the Purchase and Sale Agreement.

Upon opening the bids, the City Clerk will call for oral bids. All oral bidders who have not made a deposit must, prior to making a bid, present to the Clerk a certified or cashier's check in the sum of 5% of the reserve price and provide the Clerk with the correct legal entity name, address and phone contact to be used in the Purchase and Sale Agreement. The starting oral bid must be at least 5% over the highest written bid accepted. All unsuccessful bidders will have checks returned by the City Clerk at completion of bidding.

The deposit by the successful bidder is nonrefundable. The successful bidder will pay the entire remaining balance of the purchase amount within 30 calendar days after acceptance of the highest bid. In the event the successful bidder cannot meet the requirements and deadlines of the sale, the bidder forfeits the deposit. The second highest bidder (Bid #2 amount) who has bid no less than the minimum reserve bid will be contacted and will have 2 business days to accept the bid award at the Bid #2 amount and redeposit 5% of the reserve price and will have 30 calendar days after acceptance to pay the entire remaining balance of the purchase amount. In the event that the second highest bidder cannot meet the requirements and deadlines of the sale, the bidder forfeits the deposit. The third highest bidder (Bid #3 amount) who has bid no less than the minimum reserve bid will be contacted and will have 2 business days to accept the bid award at the Bid #3 amount and redeposit 5% of the reserve price and will have 30 calendar days after acceptance to pay the entire remaining balance of the purchase amount.

All costs associated with submitting a bid shall be borne solely by the party submitting such bid. Nothing in the Disposition Guidelines shall obligate the Successor Agency or Oversight Board to select a bid. The Agency and Oversight Board may, in the exercise of their discretion, accept, conditionally accept or reject any or all bids submitted.