



Board Agenda Item 50

DATE: September 11, 2018

TO: Board of Supervisors

SUBMITTED BY: Steven E. White, Director
Department of Public Works and Planning

SUBJECT: Declare County Owned Real Property Surplus and Set Date to Sell County Owned Excess Property

RECOMMENDED ACTION(S):

Adopt Resolution declaring surplus county owned excess property, a single-family residence, located at 472 Rio Frio Street, Mendota, CA 93640 (APN 013-214-08), and authorize the Clerk of the Board to publish a notice of intention to sell County owned excess property for a minimum bid of \$90,000 by public auction on October 23, 2018 at 9:00 a.m. (4/5 vote).

Approval of the recommended action will allow county owned real property surplus to be sold via public auction. The County foreclosed on the property through a Trustee sale on June 25, 2018. Single-family residences in the area of the county owned property are valued between \$88,500 to \$240,000. The property consists of a 1,297 square foot single-family residence on a 7,500 square foot lot. This item pertains to a location in District 1.

ALTERNATIVE ACTION(S):

Your Board may choose not to adopt the recommended action declaring county owned real property surplus, which will result in the County retaining ownership without the resources to maintain the property.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended action. The proceeds of the sale will be returned to the County's Affordable Housing Program in accordance with the Federal grant regulations. The funds will be deposited into the Department of Public Works and Planning HOME Investments Partnership Program (HOME) trust fund - Org 1202, whereby the funds must be reused for ongoing eligible grant activities.

DISCUSSION:

The residence is located at 472 Rio Frio Street, Mendota, CA 93640. The property is a 3-bedroom, 2-bath, 1,297 square foot single-family residence, reconstructed in 2009. The County acquired the residence through foreclosure under the Housing Assistance Rehabilitation Program (HARP). The HARP program provides loans to income-qualifying households for moderate to substantial home reconstruction or rehabilitation projects.

One of the previous co-owners died in 2016 and the surviving co-owner moved out of the residence. The residence continues to be vacant. The County foreclosed on the property through a Trustee Sale on June

25, 2018, with a \$165,360 balance on the HARP loan. No bids were received at the Trustee sale. At the time legal action was initiated, the 2017 property taxes were due in the amount of \$917.64. The delinquent taxes reverted to unsecured debt at the Trustee sale. The new property owner will be responsible for all future property taxes.

The property must be auctioned in accordance with California Government Code, sections 25520 through 25539.10, public agencies are given the first right of first refusal to purchase the property. Department staff sent notification letters to the Fresno County Housing Authority and the California Department of Housing and Community Development on August 3, 2018, neither agency has expressed interest.

In accordance with Government Code, section 25526, before ordering the sale of any property, the Board of Supervisors must adopt a Resolution of Intention to sell the property in a regular open meeting by a two-thirds vote of all its members. In practical terms, this means that a 4/5 vote is required. The resolution must describe the property to be sold, the terms of the sale, and the scheduled time of the sale, not less than three weeks thereafter in a public meeting of the Board of Supervisors, held at its regular place of meeting. The public auction has been scheduled on October 23, 2018.

The residence appraised for \$180,000 on July 17, 2018. Department staff's review of the appraisal indicated the comparable sales within the neighborhood of the subject property in the last twelve months ranged from \$88,500 to \$240,000. Historically, it has proven effective to start the bidding at the lowest end of the value range in order to attract prospective bidders. Due to the poor condition of the property resulting from deferred maintenance and vandalism, Department staff recommends the minimum bid be set at \$90,000.

The proposed procedure for the sale of this property, as required by Government Code, sections 25520 through 25539.10, is as follows:

1. The minimum bid for the property is \$90,000.
2. All written bids shall be delivered to the Clerk of the Board of Supervisors by 9:00 a.m. the day of the auction, October 23, 2018, in a sealed envelope labeled "Bid for 472 Rio Frio Street, Mendota" accompanied by a certified or cashier's check in the sum of \$9,000 payable to the County of Fresno.
3. Your Board, upon the opening of written bids, will ask for oral bids. All oral bidders who have not made a deposit must present a certified or cashier's check in the sum of \$9,000 payable to the County of Fresno upon making an oral bid. The starting oral bid must be at least 5% over the highest written bid accepted.
4. All unsuccessful bidders will have their certified or cashier's checks returned to them upon completion of bidding. The \$9,000 deposit by the successful bidder is non-refundable.
5. Your Board reserves the right to reject any and all bids if it deems it is in the best interest of the public.
6. The successful bidder shall pay to the County the entire remaining balance of the purchase amount within 15 days after acceptance of the highest bid. Upon receiving the full purchase amount, the County will deliver to the successful bidder/purchaser a Grant Deed free and clear of encumbrances, except as apparent or of record, in "as is" condition.
7. In the event the successful bidder cannot meet the requirements and deadlines of the sale, your Board may later award the bid to the runner-up bidder under the same terms as stated herein. Under such an event, the first bidder forfeits the \$9,000 deposit.

With your Board's approval, the county owned residence located at 472 Rio Frio Street, Mendota, CA 93620 (APN 013-214-08) will be sold at public auction on October 23, 2018.

ATTACHMENTS INCLUDED AND/OR ON FILE:

Location Map
On file with Clerk - Resolution

CAO ANALYST:

Sonia M. De La Rosa