



THE CITY OF SAN DIEGO
REPORT TO THE CITY COUNCIL

DATE ISSUED: March 14, 2012 REPORT NO: 12-034

ATTENTION: Land Use and Housing Committee Chairman and Committee Members
Agenda of **April 11, 2012**

SUBJECT: Sale of 5690 Genoa Drive

REQUESTED ACTION:

1. Authorize the reduction of the minimum acceptable sale price of 5690 Genoa Drive, San Diego, CA, from \$545,000 to \$365,000.
2. Authorize the Comptroller to accept and deposit the proceeds of the sale of the Property, net of costs related to the sale, into the Capital Outlay Fund 400002.

STAFF RECOMMENDATION:

Authorize the requested actions.

BACKGROUND:

5690 Genoa Drive ("the Property") is located on a large canyon rim and consists of a 1,766 square-foot house, constructed in 1961, on a 13,300 square-foot lot.

The City acquired the Property in 1995 as the result of a lawsuit involving a storm sewer failure in the area of the Property which resulted in a severe landslide that caused extensive damage and necessitated ground repairs. The landslide repair consisted of constructing a post-tension tie back system and a stabilizing buttress adjacent to the Property. However, the repair was partially ineffective resulting in the failure of that stabilizing buttress during a subsequent landslide that occurred in 1998.

In 2000, the repaired buttress was reconstructed and additional repair work was completed to stabilize the area around the Property.

Since the stabilizing repairs were made, the Property has been monitored for earth movement by Construction Testing & Engineering, Inc. ("CTE"), a professional geotechnical company. The monitoring was extensive because the lack of appreciable rainfall during the monitoring period made it difficult to ascertain the stability of the ground.

The Property was approved for sale at a minimum price of \$625,000 by San Diego Resolution R-302643 (May 29, 2007). The Property was subsequently re-appraised, due to a declining real estate market, and re-approved for sale at a revised minimum price of \$545,000 by San Diego Resolution R-303556 (April 23, 2008).

In 2008, CTE recommended further monitoring to reach a greater degree of certainty as to the Property's stability, and City engineers concurred. The Property was then taken off the market pending the results of a revised monitoring program. Until the geotechnical reports indicated that the property was stable, it did not seem prudent to invest in the maintenance and repair of the property.

On June 20, 2011, CTE reported that while minor earth movement is occurring, the landslide repair system is functioning as designed.

Following the June 2011 CTE report, the Property was reappraised in November 2011, with a value of \$365,000. The appraisal notes that there are several wall and ceiling cracks in the living room and bedrooms, a plumbing leak with flooring damage in the master bathroom and observable exterior termite damage. The improvements on the Property are mostly original with an observable need for major repairs.

This item is requesting authorization to reduce the minimum acceptable sale price of the Property to \$365,000.

FISCAL CONSIDERATIONS:

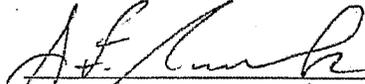
A reduction in the potential proceeds from the sale of the Property. All proceeds from the sale of the Property, net of costs related to its sale, will be deposited in the Capital Outlay Fund 400002 as per City Charter Article VII.

PREVIOUS COUNCIL and/or COMMITTEE ACTION:

The sale of the property was previously approved by City Council (San Diego Resolution R-302643 (May 29, 2007) and San Diego Resolution R-303556 (April 23, 2008). The item will be heard at an upcoming Land Use & Housing meeting.

KEY STAKEHOLDERS AND PROJECTED IMPACTS:

The key stakeholders would be the City of San Diego.


James F. Barwick, Director
Real Estate Assets Department


Jay M. Goldstone
Chief Operating Officer