

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL  
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SUBJECT: DOWNTOWN CITY ASSET SURPLUS STRATEGY – STUDY  
SESSION THREE OF A THREE PART SERIES

AGENDA ACTION: STUDY SESSION

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RECOMMENDATION

It is recommended by the Department of Planning and Economic Development, Transportation and Public Works and Finance, that Council hold a Study Session to receive information, ask questions, discuss, provide feedback and give direction to staff regarding the downtown City asset surplus strategy.

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EXECUTIVE SUMMARY

This is the third and final study session in the Downtown City Asset Series. Staff is seeking direction on the surplus of underutilized downtown City Assets (Property), making these Properties available for affordable housing/housing focused development through the Surplus Lands Act notice of availability.

Staff has reviewed and considered all downtown City owned assets, assessing the facility maintenance needs and costs alongside the site's potential to be market tested for housing development. Staff is seeking feedback and direction from Council on which lots to bring back for a surplus designation.

BACKGROUND

Over the last several years the City has contemplated alternatives to invest and promote investment in the downtown area, specifically identifying downtown infill development under a "housing for all" model within the 2016 Housing Action Plan. Concurrently, the

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City continues to contemplate options to manage the organization's significant infrastructure deficit associated with ageing and deferred facilities maintenance. With these goals in mind, Staff has prepared a three-part study session series related to the Downtown Asset Surplus Strategy to follow the original January 25, 2022, study session. To date, Staff has presented two of the three study sessions to Council.

The first study session of the series was presented on August 23, 2022, was the Parking District Update that informed Council on the current parking surplus in the downtown, the financial state of the parking fund, and the need for deck reconstruction at Garage 5 (\$6M) and Garage 9 (\$6M).

The second study session of the series was presented on September 13, 2022, reviewed the 2016 Housing Action Plan (HAP) which promotes investment in the downtown area, looks to activate City owned property, and specifically identifies downtown infill development under a "housing for all" model. Additionally, it presented the 2019 Santa Rosa Civic Center Feasibility Analysis, reviewed the deferred maintenance on the current City Hall complex, laid out 3 options for rebuilding/redevelopment and informed on 2019 estimates for the cost to build and availability payment model. At this study session, Council gave Staff direction to release the White House Site (Parking Lot 7) for potential redevelopment.

Prior to the current series, a study session was held on January 25, 2022, where staff presented their review of downtown parking assets and three were identified as having the most interest and potential for redevelopment :1) 625 and 637 3<sup>rd</sup> Street (Parking Garage 5); 2) 700 5<sup>th</sup> Street (Parking Lot 10); and 3) 500 5<sup>th</sup> Street (Parking Lot 11). Due to market conditions, lot size, and specific needs of the surrounding businesses, Staff and Council agreed to remove Lot 10 from consideration at this time and proceed with the reconstruction of the surface lot, which is now underway. Council also gave Staff direction to bring a surplus action forward on Garage 5 and then Lot 11 and prepare a notice of availability to add them to the Surplus Lands list for affordable housing sponsors.

Prior to the presentation of the surplus item, it was identified that Council and Staff would need additional information on the current parking surplus, the state of the parking fund and the full presentation of the 2019 Santa Rosa Civic Center Feasibility Analysis in order to make the most informed decision on which assets to surplus.

## ANALYSIS

### **Surplus Land Act (SLA)**

The SLA, Government Code Section 54222, requires that all government owned property be declared surplus by its governing Council or Board (even with the replacement of public parking) and be made available to housing sponsors for affordable housing through a notice of availability to the State Department of Housing and Community Services (HCD) prior to being offered to private developers through a request for

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qualifications/proposals (RFQP) process. Additionally, City Council Policy 000-10 for sale or long-term lease of surplus land requires that City owned land capable of independent development, be referred to the Housing Authority pursuant to Government Code 54222. The Parcels will also be referred to the Planning Commission for a similar recommended action, prior to City Council declaring the parcel(s) Surplus.

Following Housing Authority and Planning Commission recommendations, the City Council will be asked to declare the Parcels surplus, as required by the SLA.

If the City Council elects to declare the parcels as surplus, Staff will submit a notice of availability to HCD as required by Government Code Section 54222 and offer the Parcel(s) for development. HCD will add the Parcels, with their above outlined development requirements, to their inventory of publicly owned surplus land and make available to affordable housing sponsors.

The City will negotiate with any respondents to the notice of availability, in good faith, with the intent of entering into an exclusive negotiation agreement (ENA) for development of the Parcels. If the City is successful, staff will bring the ENA to City Council for comment, review, approval, and adoption.

If the City is not successful in negotiations with affordable housing sponsors, the parcels may be made available for development by an RFQ/P for qualified developers. In this case, the development would be required to build a minimum of 15% affordable housing units.

If Council directs Staff to move forward with surplus action of a Parcel, they may elect to have Staff follow Council Surplus Policy 000-10 and direct staff to bring the action to Housing Authority for reconsideration, then Planning Commission for recommendation, or they may bypass the Council Policy and direct Staff to bring the item directly to Council for surplus action.

After conversation and consideration of each asset's location, unique features, opportunities and challenges (which will be shown on an inclusive map provided in the presentation) Staff will be looking for direction from Council on the following items:

- 1) Should staff bring a surplus action to Council for the Whitehouse site, Garage 5 and Lot 11, as previously directed, and make them available to affordable housing sponsors through HCD's notice of availability?
- 2) Are there other assets that Council is interested in surplus in the downtown at this time, which would move them through the SLA process, prioritize affordable housing, and prepare for potential future development?

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- 3) Regarding the surplus action itself, should Staff bypass the portion of Council's Policy 000-10, which requires Housing Authority and Planning Commission consideration prior to Council, or bring any selected assets directly back to Council?

If Council chooses to consider surplusizing any Property, Staff will bring a future action to Council to delegate each Property as surplus, as well as schedule a future closed session to discuss price and terms to be offered on each property.

#### PRIOR CITY COUNCIL REVIEW

January 25, 2022, Council conducted a study session on creating a Downtown Asset Surplus Strategy.

August 23, 2022, Council conducted a study session on the Parking Enterprise Fund which was item one in the three-part Downtown Asset Development Series.

September 13, 2022, Council conducted a study session on the 2016 Housing Action Plan and the 2019 Santa Rosa Civic Center Feasibility Analysis which was part two of the three-part Downtown Asset Development Series.

#### FISCAL IMPACT

This is a study session and no action will be taken.

#### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

The proposed action is also statutorily exempt from the California Environmental Quality Act pursuant to California Government Code section 65457 and CEQA Guidelines section 15182 (c) as a potential residential project implementing the Downtown Station Area Specific Plan, and pursuant to California Public Resources Code section 21155.4 and CEQA Guidelines section 15182 (b) as a mixed use project that is consistent with the local Sustainable Communities Strategy, located within a transit priority area and consistent with the Downtown Station Area Specific Plan. The Environmental Impact Report for the Downtown Station Area Specific Plan was certified by the City Council in October 2020, and no events described in CEQA Guidelines section 15162 have occurred to require additional environmental analysis.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On September 27, 2021, The Housing Authority reviewed three Parcels for potential recommendation to Council for Surplus status.

NOTIFICATION

None

ATTACHMENTS

None

CONTACT

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