

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JILL SCOTT, REAL ESTATE MANAGER
REAL ESTATE SERVICES
SUBJECT: REQUEST THE CITY COUNCIL DECLARE PURSUANT TO
GOVERNMENT CODE SECTION 54221 THAT REAL PROPERTY
OWNED BY THE CITY LOCATED AT 625 AND 637 THIRD
STREET (PARKING GARAGE 5) IS NON-EXEMPT SURPLUS
LAND SUBJECT TO THE RETENTION OF PUBLIC PARKING

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by Real Estate Services and the Planning and Economic Development Department that the Council, by resolution: 1) declare that the City owned property located at 625 and 637 Third Street APN's 009-013-012 and 009-003-011 (Parking Garage 5) is "non-exempt surplus land" as defined by the Surplus Lands Act, provided that Public Parking is retained on the Property as a condition of the sale or long-term lease of the Property; 2) direct City Staff to prepare and submit a Notice of Availability in accordance with the requirements of the Surplus Lands Act; and 3) authorize the City Manager or her designee to take all necessary actions to fully comply with the Surplus Lands Act and carry out the City Council's direction.

EXECUTIVE SUMMARY

This Resolution would declare, pursuant to government code section 54221, that real property owned by the City located at 625 and 637 third street (Parking Garage 5) is non-exempt surplus land subject to the retention of public parking and directs Staff to submit a Notice of Availability to the State Housing and Community Development Department, in furtherance of the City's downtown asset strategy, land use and policy goals and 2016 Housing Action Plan, including encouraging the development of housing and increasing activity in the downtown.

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, specifically Program 3, "assemble and offer public land for housing development".

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Concurrently, the 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, a downtown asset surplus strategy was discussed on January 11, 2022, in a City Council Study Session.

In the Study Session, Council gave direction to Staff to first make the City owned Garage 5 land asset (Property) available for development of affordable housing/housing focused and mixed-use through the Surplus Lands Act notice of availability and the request for proposals open process, provided that public parking is retained on the Property as a condition of the sale or long term lease.

The Surplus Land Act (SLA), Government Code section 54222 requires that, before being placed on the open market, government owned property be declared exempt-surplus or surplus by its governing Council or Board (even with the replacement of public parking requirement), and be made available to housing sponsors for affordable housing through a notice of availability to the State Department of Housing and Community Development (HCD). If no housing sponsor steps forward or no agreement is reached after good faith negotiations, the local government is then free to offer the property more broadly through a request for proposal/qualifications (RFPQ) process.

PRIOR CITY COUNCIL REVIEW

On January 11, 2022, the City Council conducted a study session to review and discuss the development of housing and/or mixed use on specific City Property in the Downtown (Downtown Asset Strategy).

On February 22, 2022, in closed session, Council gave direction to Staff on price and terms for the sale or long-term lease of the Property.

ANALYSIS

The City is the owner of property located at 625 and 637 Third Street which is improved with a 3-level public parking garage, containing 199 public parking spaces (the "Public Parking").

The public parking was constructed with funding from the Parking District, an assessment district formed in accordance with the Municipal Improvement Act of 1913 and Chapter 5 of the Santa Rosa City Code to facilitate public parking places for automobiles (the "Parking District"). The Public Parking continues to serve the public by providing public parking within the boundaries of the Parking District, which includes much of the area in downtown Santa Rosa.

The City has determined that it does not have a public use for the Property other than the continued need for the Public Parking, and the City could maximize the beneficial

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use of the Property if the City were to dispose of the Property, so long as the disposition of the Property is conditioned upon retaining the Public Parking on the Property as part of any future development.

The Surplus Land Act, Government Code section 54220 applies when a local agency disposes of “surplus land”. The definition of “surplus land” under the Act is extremely broad and applies to almost any disposition of land by the City unless the land fits within the definition for “exempt surplus land”.

As defined in the Act, “exempt surplus land” includes (a) small parcels, generally less than 5,000 square feet, (b) land that is being exchanged for another property needed for the agency’s use, (c) land that is being transferred to another local, state or federal agency for the agency’s use, (d) land that is a former street, right of way or easement being conveyed to an owner of an adjacent property, (e) land that is put out for open competitive bid for certain low income housing developments or certain mixed use developments, and (f) other specific categories of land as set forth in the Surplus Land Act, Government Code section 54221.

Because the Property is owned by the City and does not meet the definition for “exempt surplus land”, as defined in the Act, and the City desires to dispose of the Property in order to better maximize its value in furtherance of the City’s land use and policy goals, including development of housing in the downtown, the Council must take formal action in a public meeting declaring that the Property is surplus and is not necessary for the City’s use, provided that any disposition of the Property will provide for the continued provision of the Public Parking.

The Act requires that prior to the disposal of any surplus land where an exemption does not apply, the City must issue a Notice of Availability (“NOA”) to, among others, affordable housing developers, and thereafter, if any entity submits a qualified Notice of Interest within sixty days of issuance of the NOA, the local agency must negotiate in good faith for at least ninety days with any submitting entities before pursuing any alternative disposition.

The City may impose reasonable conditions or restrictions on the disposition of surplus land, which must be included in the NOA. The conditions on the sale of the Property will include the requirement that any purchaser of the Property ensure that the Public Parking will be retained on the Property as part of any future development are reasonable, as there is still a public need for the Public Parking, and the City will not dispose of the Property unless the City has assurances that an adequate number of public parking stalls will be provided.

Additionally, Staff requests that Council authorize the City Manager or her designee to take all necessary actions to fully comply with the Act and carry out the City Council’s direction.

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FISCAL IMPACT

This declaration of Surplus Property does not have a fiscal impact to the general fund.

ENVIRONMENTAL IMPACT

The Council finds that the proposed action is exempt from the provisions of the California Environmental Quality Act (CEQA) under sections 15061(b)(3) and 15378 in that there is no possibility that the implementation of this action may have significant effects on the environment, and that no further environmental review is required.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable.

NOTIFICATION

ATTACHMENTS

- Resolution

CONTACT

Jill Scott
Real Estate Manager
(707)543-4246