

RESOLUTION NO. RES-2021-084

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA DECLARING THE SALE OF PROPERTY LOCATED AT 521 FIFTH STREET TO CORNERSTONE PROPERTIES TO BE EXEMPT FROM THE PROVISIONS OF THE SURPLUS LANDS ACT ENACTED BY AB 1486 (2019)

WHEREAS, the City of Santa Rosa is the owner of that certain real property located at 521 Fifth Street (the “Property”) which consists of approximately 1.49 acres and is currently used as a surface parking lot with approximately 140 spaces; and

WHEREAS, Cornerstone Properties, a California limited liability company (“Cornerstone”) is the owner of that certain real property located at 427 Mendocino Avenue (the “Cornerstone Property”) which consists of approximately 1.37 acres and is adjacent to and shares a boundary with the Property; and

WHEREAS, on November 20, 2018, the City and Cornerstone entered into an Exclusive Negotiations Agreement, pursuant to which the parties agreed to negotiate exclusively with one another in good faith for the sale of the Property to Cornerstone to develop a consolidated mixed use project on the Property and the Cornerstone Property that would further the City’s Housing, planning, and economic objectives while also ensuring continued availability of public parking to serve the public’s need, which Exclusive Negotiations Agreement was amended by the First Amendment to Exclusive Negotiations Agreement dated November 18, 2019 and the Second Amendment to Exclusive Negotiations Agreement dated November 19, 2020, both to extend the term of the Exclusive Negotiations Agreement and allow the parties to continue to negotiate the terms of conveyance of the City Property in furtherance of the development of the Property and Cornerstone Property (collectively, the “ENA”); and

WHEREAS, the City and Cornerstone have diligently negotiated the terms of conveyance of the Property during the term of the ENA and are preparing to bring forward to the City Council an agreement for the conveyance of the Property to Cornerstone for purposes of development of a mixed use project on the Property and the Cornerstone Property that would include residential units with not less than fifteen percent of those units affordable to lower income households, community benefitting uses on the ground floor of the development, and would ensure that continued availability of public parking to replace the spaces currently provided on the Property; and

WHEREAS, in 2019 the State Legislature enacted Assembly Bill 1846 (“AB 1486”), which made significant revisions to the Surplus Lands Act (Gov’t Code §§54220-54234), and imposed new requirements that local public agencies must comply with prior to disposing of property; and

WHEREAS, as part of its amendments to the Surplus Lands Act, AB 1486 enacted Government Code Section 54234, which declares that “if a local agency, as of September 30, 2019, has entered into an exclusive negotiating agreement or legally binding agreement to dispose of property, the provisions of this article as it existed on December 31, 2019, shall apply, without regard to the changes made to this article by the act adding this section [AB 1486], to the

disposition of the property to the party that had entered into such agreement or its successors or assigns, provided the disposition is completed not later than December 31, 2022;” and

WHEREAS, in the instant case, the City entered into an exclusive negotiating agreement with Cornerstone to dispose of the City Property in October 2018, and has continued to diligently pursue negotiations with Cornerstone under the ENA since that time, with both parties expending substantial time, money and resources; and

WHEREAS, therefore, based on Government Code Section 54234, the conveyance of the Property to Cornerstone is exempt from the provisions of the Surplus Lands Act added by AB 1486 since the parties entered into the ENA prior to September 30, 2019, provided that the disposition is completed not later than December 31, 2022; and

WHEREAS, the California Department of Housing and Community Development (“HCD”) has adopted guidelines to help ensure compliance with the Surplus Lands Act as amended by AB 1486 (the “HCD Guidelines”); and

WHEREAS, Section 400(e) of the HCD Guidelines provides that a local agency that determines that property is exempt from the Surplus Lands Act shall support such a determination with written findings and shall provide a copy of the written determination to HCD at least 30 days prior to disposition; and

WHEREAS, the City anticipates that it will bring forward an agreement for consideration of the City Council for conveyance of the Property to Cornerstone to be developed as a mixed use property in accordance with the City’s housing, planning and economic objectives in June 2021, and if such agreement is approved by Council, to close escrow on the conveyance of the Property shortly thereafter, and therefore desires to make a written determination that the conveyance of the Property to Cornerstone is exempt from the provisions of the Surplus Lands Act added by AB 1486 and submit that determination to HCD, in order to ensure that such copy is provided at least 30 days prior to completion of the disposition of the Property to Cornerstone.

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Santa Rosa as follows:

Section 1. The City Council hereby finds as follows:

a. The Recitals set forth above are true and correct and are incorporated herein by this reference.

b. The City and Cornerstone entered into the ENA on November 20, 2018, and the parties have negotiated exclusively and in good faith with one another for the term of ENA, as amended, regarding the terms of conveyance of the Property to Cornerstone in furtherance of the City’s housing, planning, development and economic objectives.

c. Based on the foregoing, the conveyance of the City Property to Cornerstone is exempt from the provisions of the Surplus Lands Act added by AB 1486, provided that such conveyance is completed prior to December 31, 2022, and the version of the Surplus Lands Act that is applicable to this conveyance is the version of the Surplus Lands Act that was in effect as of December 31, 2019.

Section 2. The City Manager is hereby directed to submit this resolution to HCD in order to comply with HCD Guidelines Section 400(e), and to take such additional action in consultation with Staff and the City Attorney as may be necessary in support of the City Council's findings set forth herein.

IN COUNCIL DULY PASSED this 25th day of May, 2021.

AYES: (7) Mayor C. Rogers, Vice Mayor N. Rogers, Council Members Alvarez, Fleming, Sawyer, Schwedhelm, Tibbetts

NOES: (0)

ABSENT: (0)

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
City Clerk Mayor

APPROVED AS TO FORM: _____
City Attorney