



*City of Arts & Innovation*

# City Council Memorandum

**TO: HONORABLE MAYOR AND CITY COUNCIL      DATE: MARCH 3, 2020**

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT      WARD: 2**  
**DEPARTMENT**

**SUBJECT: DECLARE AS SURPLUS LAND PUBLIC PARKING LOT 39 CONSISTING OF**  
**APPROXIMATELY 18,026 SQUARE FEET OF CITY-OWNED LAND LOCATED**  
**AT 3575 VINE STREET ORIGINALLY ACQUIRED FOR PERMANENT**  
**PARKING AND MARKETPLACE SIGN**

## **ISSUE:**

Declare as surplus land Public Parking Lot 39 consisting of approximately 18,026 square feet of City-owned land located at 3575 Vine Street, bearing Assessor's Parcel Number 213-211-008, which was originally acquired for permanent parking and Marketplace sign.

## **RECOMMENDATIONS:**

That the City Council:

1. Approve the surplus declaration of approximately 18,026 square feet of City-owned land located at 3575 Vine Street, bearing Assessor's Parcel Number 213-211-008, acquired for permanent parking and Marketplace sign; and
2. Authorize the marketing and sale of the subject property at fair market value in accordance with the City's Administrative Manual 08.003.00 for the Disposition and Sale of City-owned Real Property and Government Code Section 54220 et. seq.

## **BACKGROUND:**

On February 3, 2003, the former Redevelopment Agency (RDA) acquired the subject parcel from MBK Riverside Marketplace Partners, LTD to protect the former 67' tall pylon sign from condemnation for the 91 State Highway freeway project. The pylon sign was later replaced by the RDA with an upgraded LED reader-board Marketplace sign which now stands today and serves to advertise City events. On March 30, 2012, the Oversight Board authorized the Successor Agency to transfer certain former Agency owned properties to the City for use as permanent public facilities which included the 3575 Vine Street property (Property). The State Department of Finance did not object to the transfer after waiting the required statutory time. Subsequently, the Successor Agency transferred the entire Property consisting of approximately

21,300 square feet, including the existing Public Parking Lot 39 and the Marketplace sign to the City's Public Works Department.

Enacted in 1968, the Surplus Land Act requires all local agencies to prioritize affordable housing, as well as parks and open space, when disposing of surplus land. Before local agencies may dispose of surplus land, they are required to give notice to local public entities and organizations involved in affordable housing development. If a preferred entity expresses interest, the parties must enter into good faith negotiations to determine a sales price or lease terms. In 2014, the Surplus Land Act was amended to better define a qualified proposal for affordable housing, prioritize proposals providing the most units at the deepest affordability, and provide more realistic timeframes to make offers and negotiate.

As California continues to face an affordable housing crisis, all unused publicly-owned land, according to the State, has the potential to promote affordable housing developments. Specifically, Assembly Bill 1486 (AB 1486), signed into law by Governor Newsome on October 9, 2019, clarifies and strengthens provisions of the Surplus Land Act to promote the use of publicly-owned land for affordable housing projects. The adoption of AB 1486 has revised the procedural requirements for the disposition of local agency surplus property.

## **DISCUSSION:**

A disposition notice was sent to City departments and no interest was received by the deadline to respond. As further directed by AB 1486, formal action to declare the subject property as surplus land and not necessary for the City's use must take place. After surplus declaration and prior to disposing or participating in negotiations, a written notice of availability must be sent to affordable housing developers who have registered with the State's Department of Housing and Community Development (HCD). Also, per California Government Code Section 54220, et seq., staff will notify other public agencies of the sale of the subject property for a 60-day period. However, the affordable housing developers will have the "first right of refusal" or priority consideration for all City-owned land that has been declared surplus. If there is no interest from a developer or public agency, staff will market the subject property in an effort to sell it at fair market value in accordance with the City's Administrative Manual 08.003.00, Sale of City-Owned Real Property. If the property is developed with ten or more residential units, then 15% of the total project's units must be restricted to "affordable rent to lower income households" as required by AB 1486.

Lastly, prior to agreeing to any terms for disposing of City-owned properties, the City must provide HCD with a description of the notices of availability sent and negotiations conducted with any responding entity. HCD shall have 30 days after receipt to submit written findings if it deems that the City is in violation of the surplus property statutes.

The subject property is currently being used as Public Parking Lot 39 and for the City's Marketplace billboard advertising sign. The property is zoned Commercial Retail – Marketplace Specific Plan and the General Plan designation is Commercial. Staff proposes to sell the existing 18,026 square feet of Public Parking Lot 39 as it is no longer necessary for City use and retain the remaining 3,274 square feet of land in which the existing Marketplace Billboard sign is located. Given the property's irregular site size and commercial zoning, residential development is unlikely. Staff believes there is private sector demand for the existing public parking lot 39 for privately operated parking.

The Public Works Director concurs with the recommendations in this staff report.

**FISCAL IMPACT:**

There are sufficient funds in the Public Works Professional Services Account Number 4150000-421000 for costs associated with the sale, which will be offset with the proceeds from the disposition of the subject property. All remaining proceeds from the sale of the Property will be deposited into General Fund account number 0000101-380010.

Prepared by:	David Welch, Community & Economic Development Director
Certified as to availability of funds:	Edward Enriquez, Chief Finance Officer/Treasurer
Approved by:	Rafael Guzman, Assistant City Manager
Approved as to form:	Gary G. Guess, City Attorney

Attachment:	Plat Map
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