



## Legislation Text

File #: 2024-0502, Version: 1

### Report to Mayor and City Council

Tuesday, June 18, 2024

Discussion

#### SUBJECT:

**CONSIDER RESOLUTION NO. 24-053, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA DECLARING PURSUANT TO GOVERNMENT CODE 54221 THAT CERTAIN REAL PROPERTY OWNED BY THE CITY OF CARSON (APN: 7337-005-927) IS NON-EXEMPT SURPLUS LAND AND NOT NECESSARY FOR THE CITY'S USE AND AUTHORIZING STAFF TO PROCEED TO DISPOSE OF THE PROPERTY UNDER THE SURPLUS LAND ACT (CITY COUNCIL)**

#### I. SUMMARY

The City currently owns a property (APN: 7337-005-927) (the "Property"). The Property is a 4.61-acre parcel in the Carson Civic Center complex adjacent to the Carson Event Center that primarily serves as a surface parking lot for the Civic Center but also serves as parking for the adjacent office building, the hotel and the drive-through restaurant. The Property is located south of Desford Street, west of Civic Center Drive, north of Carson Street, and east of Civic Plaza Drive.

The Surplus Land Act ("Act") governs the disposition of land owned by a city or local agency, which is sought to be sold or leased when it is no longer necessary for the city's/agency's use. AB 1486 took effect January 1, 2021, and requires that prior to any sale or lease of property owned by a local agency, the agency must formally declare land as either "surplus land" or "exempt surplus land" as supported by written findings pursuant to a Resolution approved by the local agency at a regular public meeting of the agency.

The Act Guidelines were issued by the California Department of Housing and Community Development ("HCD") which were initially issued in April 2021 but have recently been updated as of February 23, 2024 ("Regulations").

Staff is recommending the adoption of Resolution 24-053 to declare the Property as non-exempt surplus land and proceed with the disposition process under the Act.

#### II. RECOMMENDATION

APPROVE Resolution No. 24-053, "A RESOLUTION OF THE CARSON CITY COUNCIL

TO DECLARE CERTAIN REAL PROPERTY LOCATED AT APN: 7337-005-927 TO BE NON-EXEMPT SURPLUS LAND UNDER THE SURPLUS LAND ACT.”

### **III. ALTERNATIVES**

**TAKE** another action deemed appropriate by the City Council.

### **IV. BACKGROUND**

#### **A. Requirements Under the Surplus Land Act**

In 2019, Governor Newsom signed into law AB 1486, which significantly expanded the procedural requirements under the Act which a local agency must adhere to prior to selling or leasing properties it owns to a private party. The legislation is intended to address California’s shortage of affordable housing by imposing controls upon cities and local agencies with respect to the property they own, by requiring the agency to first offer the property for sale or lease to affordable housing developers as well as a range of other state and local agencies. The procedural and reporting requirements for the disposal of surplus land under the Act pursuant to AB 1486 are as follows:

1. Surplus land is defined as essentially all land owned by a city, successor agency, housing authority, joint powers authority, and other local agencies, with few exceptions for real property that qualify as “exempt” under the Act. Prior to any sale or lease of such property, a local agency must formally declare land as either “surplus land” or “exempt surplus land” pursuant to a resolution and supported by written findings.
2. The definition of “exempt surplus land” includes the following: (i) properties that are less than 5,000 sq. ft. in area, (ii) land that a local agency exchanges for another property necessary for the agency’s use, (iii) land transferred to another local, state, or federal agency for the agency’s use, and (iv) land that is subject to valid legal restrictions (not imposed by the agency) that would make housing a prohibited use. Note the fact that a property is not zoned for residential use is not a qualifying legal restriction - if the property is simply zoned as Industrial/Commercial, under AB 1486, it would not qualify as exempt surplus land. However, if the real property does qualify under one of the above factors, and the property has been formally declared as exempt pursuant to a resolution adopted by the local agency, the local agency need not comply with the following procedural requirements.
3. Prior to selling or leasing any surplus land or even entering into negotiations for the sale/lease of surplus land with a prospective transferee, a local agency must first offer the real property for sale or lease to a “housing sponsor” for affordable housing development by issuing a notice of availability (“NOA”). The term “housing sponsor” generally means an affordable housing developer which has registered with the HCD.

The list of registered housing sponsors is provided by HCD on its website.

4. In addition to sending a NOA to housing sponsors for surplus land, a local agency must also send a NOA to any park or recreation department or regional park authority with jurisdiction over the area, and the State Resources Agency (SRA), for purposes of park, recreation, or school facility development.
5. Any responding entity to the NOA (i.e., a housing sponsor, park or recreational department, school district or SRA) ("Responding Entity") must notify the local agency of its interest in purchasing or leasing the property within 60 days following receipt of the NOA.
6. In negotiations with any Responding Entity, the local agency must negotiate in good faith and cannot include deal terms that would reduce or disallow residential use of the site. In addition, the local agency is not required to sell or lease the surplus land for less than its current fair market value.
7. If the price and terms cannot be agreed upon between the local agency and a Responding Entity within 90 days, the local agency may then go forward to sell or lease the surplus land to a third party. However, the local agency will still have to provide HCD with a description of the NOA sent, the process of receiving responses and any negotiations conducted with any Responding Entity.
8. Note that the housing sponsor need not propose a development of the surplus land for 100% affordable units as the Act requires that they simply will agree to make available at least 25% of the total number of units developed on the property at an affordable housing cost or affordable rent.
9. In addition, if the local agency receives a notice of interest from more than one Responding Entity, the Regulations provide for a methodology of providing priority to the Responding Entity proposing the largest number of affordable units and if more than one proposes the same number, then to the Responding Entity that proposes the deepest average level of affordability for the affordable units.
10. If no responses are received from Responding Entities to the NOA or if negotiations terminate and the land is later sold or leased to a market rate developer, the Act requires

that a covenant (binding in perpetuity) be recorded against the property which would require that if housing is ultimately built on the property in the future that at least 15% must be sold or rented at an affordable cost to lower-income individuals.

11. The Act requires that the local agency must provide to HCD a summary of the local agency's actions (such as the NOA, responses, negotiations, etc.). Within 30 days of receipt of the local agency's report, HCD is required to submit written findings to the local agency as to whether any process violations have occurred. If HCD does not respond within the 30-day period, the local agency is not subject to any penalty under the Act and may proceed to sell or lease the property.

### **B. Sell or Lease of APN 7337-005-927 of the Civic Center Site (the Property)**

The Property is primarily a surface parking lot adjacent to the Carson Event Center but also provides parking to the adjacent hotel, office building and the small parcel with the Jack-in-the-Box restaurant pursuant to a recorded covenant agreement ("Adjacent Property Owners"). The City considers this parking lot surplus since another adjacent surface parking lot sufficiently meets the parking needs of visitors and staff to the Carson Event Center, although 50% of the existing parking spaces will need to be replaced by any new development in form of a parking structure. Any developer will need to negotiate with the Adjacent Property Owners to provide alternative parking and to terminate the existing covenant agreement. The City will comply with the requirements of the Act and hopes to sell or lease the Property to a developer interested in incorporating it into a larger Vision Plan for the Carson Civic Center. This conceptual Vision Plan potentially envisions a dynamic mixed-use campus, including a redeveloped City Hall, hotel, housing, retail, open space, and art and entertainment venues.

The Property does not meet any of the exempt criteria under the Act. As such, it must be declared non-exempt via the adoption of Resolution 24-053. Christopher Beck of Newmark, a licensed commercial real estate broker, ("City Broker"), has estimated the current fair market value of the Property at \$30,975,500 although that amount is subject to change with market conditions.

## **V. FISCAL IMPACT**

There are no immediate fiscal impacts relative to the recommended action.

Staff with the City Attorney will prepare the NOA with a special website to provide information to potential developers regarding the Property, to track delivery of the NOA to registered housing sponsors and to receive in a controlled fashion responses from any Responding Entities. Upon the receipt of any interest in the Property, Staff will comply with the applicable provisions of the Act to negotiate in good faith with any Responding Entities that reply within 60 days following the receipt of the NOA.

If an agreement cannot be reached with any Responding Entities, the City would proceed to offer the Property for sale or lease at the then current fair market value subject, of

course, to the rights of the Adjacent Property Owners.

## **VI. EXHIBITS**

1. RESOLUTION NO. 24-053 (pgs. 6-10)
  - a. Exhibit A - Map of the Property

Prepared by: Eric Romero, Economic Development Manager, Saied Naaseh, Director of Community Development