



City Council Agenda Report

Meeting Date: August 27, 2024

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Approved By: Gabriel Engeland

Subject: Resolution of the City Council Declaring Certain Property Surplus Land

COUNCIL PRIORITY AREA

- Business Communities
- Circulation Safety and Efficiency
- Environmental Sustainability
- Housing
- Neighborhood Safety Infrastructure
- General Government

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Los Altos declaring certain property surplus land located within city limits and finding that such declaration is exempt from environmental review pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15061(b)(3).

FISCAL IMPACT

No fiscal impact is directly related to the declaration of surplus land. Subsequent could have direct fiscal impact(s) to the City of Los Altos, and as such will be separately analyzed at that time.

ENVIRONMENTAL REVIEW

The proposed Resolution was assessed in accordance with the California Environmental Quality Act (CEQA) and the State CEQA Guidelines. It has been determined that the adoption of this Resolution will not have a significant environmental impact and is exempt from CEQA pursuant to Section 15061(b)(3). It can be seen with certainty that there is no possibility that the declaration of property as surplus may have a significant effect on the environment, as no development is authorized by this Resolution, and any future disposition will require separate environmental analysis when the details of such disposition are known.

PREVIOUS COUNCIL CONSIDERATION

January 2023 – Adopted 6th Cycle Housing Element – Program 1.H

BACKGROUND

The City's 6th Cycle Housing Element was adopted in January 2023. Contained within the adopted and certified housing element is Program 1.H – Facilitate housing on City-owned sites. Specifically, Program 1.H commits the City to make available Parking Plaza 7 & 8 located in

Downtown Los Altos to accommodate new developments, including affordable housing. Parking Plaza 7 & 8 were first identified in the City's Adopted Downtown Vision Plan, as opportunities sites for the redevelopment and inclusion of Affordable Housing.

The subject sites of the Surplus Land included within this action are commonly known as Parking Plaza 7 & 8, located within the Downtown Los Altos "triangle".

Parking Plaza 7, is a rectangular-shaped parcel, currently utilized for surface level parking, approximately 1.07 acres in size, commonly referred to as "Plaza 7" in Downtown Los Altos, Accessor Parcel Number (APN): 167-39-032.

Parking Plaza 8, is a rectangular-shaped parcel, currently utilized for surface level parking, approximately 1.07 acres in size, commonly referred to as "Plaza 8" in Downtown Los Altos, Accessor Parcel Number (APN): 167-39-007.

The following exert is from the Adopted 6th Cycle Housing Element:

Program 1.H: Facilitate housing on City-owned sites.

The City will facilitate development of housing on City-owned sites through public-private partnerships during the planning period. City-owned Downtown Parking Plazas 7 and 8 were identified as opportunity sites that could accommodate new development, including affordable housing. The first RFP issued by the City for housing on either Parking Plaza 7 or 8 will be affordable housing and the City will commit to selecting the development proposal that maximizes public benefit in creating additional affordable housing in Downtown Los Altos. Prior to the RFP issuance, the City shall hire a third-party to analyze what the minimum financially feasible affordable housing production could be, based upon a minimum of 20 years of a zero-cost land lease and a commitment to provide a minimum 55-year lease. In the event the development is 100 percent affordable as defined by law, the City shall waive all applicable development impact fees per Program 2.C. The City will comply with all Surplus Land Act requirements. The City will provide a dedicated project planner to facilitate an expedited project review process.

Responsible Body: Development Services Department, Planning Commission, City Council.

Funding Source: General Fund, State or federal grant funds (if available).

Time Frame: Financial analysis for Parking Plaza 7 and 8 by independent third-party consultant by the end of 2023; release request for proposals by December 2023; complete entitlements within one (1) year of application if not sooner (by December 2026).

Objective: The City will enter into a public-private partnership for development of housing on at least one of the City's Downtown parking plazas.

Geographic Targeting: Facilitate housing development in the Downtown, a highest resource area with commercial and transit (bus line along San Antonio Road). Target housing for low-income residents, persons with disabilities, and/or seniors.

ANALYSIS

The Surplus Land Act (Gov. Code, §§ 54220-54234) aims to make local public land that is no longer needed for government purposes available for building affordable homes.

Local agencies (cities, counties, special districts, and certain other entities) must send notices about available, surplus local public land to all of the following:

- HCD
- Any local public entity within the jurisdiction where the surplus local land is located
- Developers who have notified HCD of their interest in developing affordable housing on surplus local public land

Prior to agreeing to terms to dispose of surplus property, local agencies (cities, counties, and special districts) must send a description of notices of availability sent, and negotiations conducted, in addition to a copy of any restrictions to be recorded against the property, to HCD for review using HCD forms.

Surplus Land is Defined as follows:

“Surplus land” means land owned in fee simple for which a local agency’s governing body takes formal action at a regular public meeting declaring land to be surplus and not necessary for a local agency’s use. Land must be declared either “surplus” or “exempt surplus” as supported by written findings before a local agency may take any action to dispose of it consistent with an agency’s policies or procedures. A local agency, on an annual basis, may declare multiple parcels as “surplus” or “exempt surplus.”

Agency’s Use is Defined as follows:

“Agency’s use”. Except as provided below, “agency’s use” shall include, but not be limited to, land that is being used, or is planned to be used pursuant to a written plan adopted by the local agency’s governing board for agency work or operations, including, but not limited to, utility sites, watershed property, land being used for conservation purposes, land for demonstration, exhibition, or educational purposes related to greenhouse gas emissions, and buffer sites near sensitive governmental uses, including, but not limited to, wastewater treatment plants as described in Government Code Section 54221(c)(1).

DISCUSSION

The City of Los Altos Development Services Department has consulted with the California Department of Housing and Community Development (HCD) regarding Parking Plaza 7 & 8 and has confirmed that the two plazas are Surplus Land as defined by the Government Code.

Upon confirmation of the two plazas being surplus land the City’s Housing Manager prepared a Notice of Availability based upon the Sample Notice provided by HCD. Once drafted the Notice of Availability was reviewed and approved by HCD staff which allowed the City of Los Altos to release the Notice of Availability to developers that are maintained on an Interest List of HCD. The Notice of Availability was released July 2024 and remains open for 60-days (concluding in mid-September).

Upon Receipt of Notice of Interest. If a local agency disposing of surplus land receives a timely notice of interest from a proper entity, then a good faith negotiation period of at least 90 days begins on the first day after the end of the 60-day period in Government Code section 54222(e). If the price or terms cannot be agreed upon after the full 90-day good faith negotiation period, then the local agency may dispose of the surplus land without further regard to the SLA but must still comply with Government Code section 54233 or 54233.5, as applicable.

For purposes of the 90-day good faith negotiation period, residential use of the surplus land by the prospective transferee shall be deemed an acceptable use. Nothing shall restrict a local jurisdiction's authority or discretion to approve land use, zoning, or entitlement decisions in connection with the surplus land, except that terms agreed to as part of the 90-day good faith negotiation period must comply with the following:

- A local agency cannot prohibit residential use of the surplus land as a condition of a sale or lease.
- A local agency cannot reduce the authorized number of residential units or the maximum lot coverage of the surplus land below what is allowed by zoning or general plan requirements. (There is no maximum density threshold in the Zoning Designation or Land Use Designation of the subject sites)
- A local agency may not require, as a condition of sale or lease, any design standards or architectural requirements that would have a substantial negative effect on the viability or affordability of a housing development for very low-, low- or moderate-income households, other than the minimum standards required by general plan, zoning, and subdivision standards and criteria.

ATTACHMENTS

1. Draft Resolution
2. Notice of Availability (NOA) – July 16, 2024
3. HCD – Surplus Land