



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 06/16/2026

ITEM NO: 24

DATE: June 16, 2026
TO: Mayor and Town Council
FROM: Chris Constantin, Town Manager
SUBJECT: **Adopt a Resolution to Sell the 4 Tait Avenue Property (APN: 510-44-054); Approve and Authorize the Town Manager to Sign the Historic Covenant; and Authorize the Town Manager to Negotiate and Execute All Other Required Documents for the Sale, Including a Sale Agreement Accepting an Offer of \$3,800,000 for the Property in Substantially the Form Presented**

RECOMMENDATION: Adopt a resolution to sell the 4 Tait Avenue Property (APN: 510-44-054); approve and authorize the Town Manager to sign the Historic Covenant; and authorize the Town Manager to negotiate and execute all required documents for the sale, including a Sale Agreement accepting an offer of \$3,800,000 for the property in substantially the form presented.

FISCAL IMPACT:

If the Town were to sell the 4 Tait Avenue property (APN: 510-44-054) ("4 Tait") for \$3,800,000 according to the draft agreement in Attachment 2, the Town would receive an estimated \$3,600,000 in revenue after closing costs are paid.

STRATEGIC PRIORITY:

This item supports the Town's strategic priority of prudent fiscal management by leveraging an unused resource for revenue. This item also supports the strategic priority related to historic neighborhoods by requiring execution of a historic covenant that will be recorded against the property and run with the land, such that the historic nature of the exterior of the historic firehouse building must be maintained.

PREPARED BY: Katy Nomura
Assistant Town Manager

Reviewed by: Town Manager, Town Attorney, and Administrative Services Director

PAGE 2 OF 5

SUBJECT: 4 Tait Avenue Property Sale

DATE: June 16, 2026

BACKGROUND:

The Town owns real property located at 4 Tait Avenue (Assessor's Parcel No. 510-44-054), which is improved with a building of approximately 2,525 square feet and an ancillary outbuilding originally constructed as a fire station and later used as a museum. The museum use was discontinued several years ago. The building and outbuilding are currently unoccupied. Since then, the Town has explored the disposition of the property by either lease or sale. The Town marketed the property for lease for commercial purposes for a number of years, but was unsuccessful. As a result, the Town Council directed staff to pursue a sale of the property so long as the historic structure could be maintained.

The state Surplus Land Act, which is codified at Government Code Sections 54220-54234, applies to dispositions of public property. Unless property is "exempt surplus land," before selling or leasing land for more than 15 years, agencies must declare real property "surplus" and follow state-mandated notification and negotiations processes. (Gov. Code Section 54220.) Land must be declared either "surplus land" or "exempt surplus land" prior to disposition. (Gov. Code Section 54221(b).) "Exempt surplus land" includes "surplus land that is less than one-half acre in area and is not contiguous to land owned by a state or local agency that is used for open-space or low- and moderate-income housing purposes." (Gov. Code Section 54221(f)(1)(B).)

On January 21, 2025, pursuant to Government Code Section 54221(b), the Town Council adopted a resolution declaring 4 Tait to be "exempt surplus land" and stating its intention to sell the property. On August 28, 2025, the Town received HCD's approval of the resolution declaring the property "exempt surplus land."

On October 7, 2025, the Town Council authorized the Town Manager to enter into a brokerage agreement with Kosmont to handle the sale of the property. Prior to listing the property, with the support of Kosmont, Town staff and the Town Attorney's Office conducted several pre-disposition due diligence advisory activities. This included requesting appraisals, developing the historic covenant documentation, preparing the offering memorandum and marketing material, reviewing preliminary title report and property address check, and conducting additional property due diligence activities.

On January 20, 2026, the Town Council approved rezoning 4 Tait from commercial C-2:LHP (Central Business District with a Landmark and Historic Preservation Overlay) to residential R-1D:LHP (Single-Family Residential Downtown with a Landmark and Historic Preservation Overlay).

On February 26, 2026, 4 Tait was listed on the public real estate market with a listing price of \$3,500,000. The listing included a historic covenant (Attachment 3) that the Town would require to be signed and recorded against the property. The historic covenant requires that the building be maintained according to historic preservation laws, as well as requiring Town

approval for alterations to the street-facing sides of the building. After opening the listing, the Town received several inquiries and six offers, which were evaluated based on the best interests of the Town.

On June 10, 2026, the Planning Commission determined that the sale of the 4 Tait property conforms with the General Plan.

DISCUSSION:

Branislav Vajdic (buyer) made an offer to purchase the 4 Tait property as-is for \$3,800,000 in cash with a 21-day due diligence period and a subsequent 21-days to close escrow. In addition, the buyer, an individual investor, indicated their intentions to renovate and live on the property as their residence. Staff recommends that the Town Council accept this offer.

Since the property has remained vacant despite attempts to lease through a master lessor, and because it requires renovations and resources the Town does not readily have available to invest in the property, it is recommended to sell the property to a buyer that is willing to accept the recordation of an historic covenant and renovate the property while following the Town's historic preservation laws. The sale of the property would allow the Town to generate one-time revenue from the sale, increase property tax revenue once the property converts to private ownership, and eliminate the Town's maintenance and capital investment needs for this property.

Historic Preservation

A condition of the sale is agreement to a historic preservation covenant, which will be recorded with the County Recorder against the property and will run with the land and bind future owners. The proposed historic preservation covenant requires that:

- 1) The property owner must comply with all applicable historic preservation laws.
- 2) Any Town approval required pursuant to the Town Code must be obtained prior to any maintenance of the property.
- 3) The property owner must repair (if possible) rather than replace any character-defining feature of the improvements and use historical materials when performing any maintenance.
- 4) No alteration, addition, or demolition may occur to the facades along Main Street and Tait Avenue without Town approval.
- 5) Any element of the improvements on the property that is significant to the property's historical and architectural value, and any character-defining features, must be preserved.
- 6) The covenant requires preservation even if the property is not listed on the National Register of Historic Places or the California Register of Historic Places.

Because the property is located in the Broadway Historic District, the following Town Code Sections apply:

Town Code Section 29.80.255: "Construction, alteration, demolition, or removal works for which a Town permit is required is prohibited on a designated landmark site or in a designated historic district unless approval by the deciding body has been granted as provided in Sections 29.80.260 through 29.80.300, or unless the work conforms with the provisions of Sections 29.80.310.

Town Code Section 29.80.260: No person shall do any of the work listed below without first obtaining the required planning approval:

- (1) Exterior alteration to a designated landmark, property in an historic district or pre-1941 structure consisting of any construction, addition, demolition, restoration or rehabilitation.
- (2) Interior alterations that would affect the exterior of a designated landmark, a structure in an historic district or a pre-1941 structure.
- (3) Construction of any type on a landmark site or within a historic district unless excepted by the designating ordinance, or of a type which does not affect the exterior appearance of the site, district or any structure on the site or in the district.

Town Code Section 29.80.265: Prior to issuance of a building permit, a Notice to Contractor form must be signed by the contractor and posted at the job site stating that the property is on the Historic Resources Inventory and no deviations from the approved plans are allowed without prior review and approval. This information shall be affixed to the approved building plans.

Next Steps

If the Town Council approves the purchase documents, the Town Manager will work with the buyer to execute them, and a request to open escrow will be made. The buyer will also submit their initial good-faith deposit of \$114,000 into escrow. The buyer will begin the 21-day due diligence period, and if the buyer elects to move forward after this period, the final 21-day escrow period will begin. The Escrow Officer will issue the Town's and the buyer's closing documents for review and execution. The buyer will then deposit the remaining purchase funds. Once these funds are verified, the Escrow Officer will submit documents to the County Recorder for recording. Once the recording is confirmed, escrow will disburse purchase proceeds to pay the escrow costs and recording fees identified in the Final Closing Statement. The Town will then receive the net proceeds after these costs are paid.

CONCLUSION:

For the reasons indicated, staff recommends that the Town Council adopt a resolution for the sale of 4 Tait; approve and authorize the Town Manager to sign the Historic Covenant; and

PAGE 5 OF 5

SUBJECT: 4 Tait Avenue Property Sale

DATE: June 16, 2026

authorize the Town Manager to negotiate and execute all other documents required for the sale.

COORDINATION:

This report was coordinated with the Town Attorney's Office and the Town Manager's Office.

ENVIRONMENTAL ASSESSMENT:

The sale of this real property is categorically exempt from the California Environmental Quality Act in accordance with CEQA Guidelines Section 15312, "Surplus Government Property Sales." In addition, the sale of this property does not constitute a "project" subject to the California Environmental Quality Act in that it can be seen with certainty that the sale of this property will not have a significant effect on the environment. (CEQA Guidelines Section 15061 (b)(3)).

Attachments:

1. Resolution
2. Draft Agreement
3. Historic Covenant