



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 04/18/2023

ITEM NO: 16

DATE: April 13, 2023
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Provide Direction for the Potential Disposition and Use of 224 W. Main Street (APN 510-44-069)

RECOMMENDATION:

Provide direction for the potential disposition and use of 224 W. Main Street [Assessor's Parcel Number (APN) 510-44-069].

BACKGROUND:

224 W. Main Street, located at the northeast corner of W. Main Street and Lyndon Avenue (Attachment 1), was purchased by the Town, using Redevelopment funds, for the purpose of building affordable housing. The Town demolished the previous residential structure and paved it as a parking lot as an interim use on this approximately 0.27-acre site. This created a larger Town parking lot with the adjacent parcels 510-44-039 and -037 (Attachment 2) of approximately 1 acre. These properties have a General Plan Land Use Designation of Central Business District and are zoned C-2 (Central Business Commercial Zone) and C-2:LHP (Central Business Commercial Zone with a Landmark and Historic Preservation Overlay Zone).

In 2015, the Town Council created a Parking and Infrastructure Ad Hoc Committee with appointments determined by the Mayor. The Mayor appointed Council Member Rennie and then Vice Mayor Barbara Spector. From 2015 to early 2018, the Committee explored the possibility of building a parking garage on the three lots with at least six below market rate housing units, as required, as well as market rate housing and/or retail. The Town issued a Request for Interest (RFI) for the proposed mixed-use development and the Town Council approved entering into exclusive negotiations with Presidio Development Partners, LLC.

After many design iterations and pro forma financial reviews, the parking garage and housing development was found financially infeasible. Instead of continuing to pursue a garage, the Council directed the preparation of a comprehensive parking study which was completed by Dixon parking consultants and is now being implemented.

Reviewed by: Town Attorney, Community Development Director, and Finance Director

BACKGROUND:

With the dissolution of all Redevelopment Agencies in California, the Town was under a deadline to determine the disposition of 224 W. Main Street. Since the Town decided to retain ownership of the property, in Fiscal Year (FY) 2021/22, the Town transferred approximately \$1.5 M from the General Fund Appropriated Reserve to the Town's Below Market Rate Housing Fund, representing the value of the land. This satisfied the State's requirement.

DISCUSSION:

The Town Council may now wish to provide direction for the future disposition and use of the subject property and perhaps the neighboring Town-owned parcels. The options include and are not limited to:

- Retain Town ownership of the property as a parking lot until the Town has implemented more of the Dixon parking recommendations; or
- Consider leasing or selling the land for a private development (commercial, retail, market rate and/or affordable housing); or
- Return to Council with a resolution to declare the property surplus with an ultimate intent to lease or sell; or
- Consider other alternatives.

If the Town decides to lease or sell 224 W. Main Street (and/or the adjacent Town-owned parcels), at a subsequent Council meeting, the Town Council would need to consider adopting a resolution declaring the property(ies) surplus. Under State law, certain entities, such as affordable housing builders and open space organizations, would be given the first opportunity to lease or purchase the land. If there is no interest by such entities, the Town could then negotiate with a prospective tenant or a buyer of its choice.

After the surplus process, if the Council is interested in leasing or selling the land, staff would prepare a Request for Interest (RFI) for the Council's consideration based on its preferences for desired uses. Once approved for distribution by the Council, potential tenants and buyers would submit responses to the RFI and the Council would decide which entity it would like to enter into an Exclusive Negotiating Agreement. Based on the negotiations, the Town Council would decide whether to enter into a lease or purchase agreement with the entity, or take other steps.

CONCLUSION:

Staff looks forward to the Council's initial direction for this property.

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COORDINATION:

The preparation of this report was coordinated with the Community Development Director, Finance Director, and Town Attorney.

FISCAL IMPACT:

The fiscal impact depends upon the direction provided by the Town Council.

ENVIRONMENTAL ASSESSMENT:

The direction provided by Town Council with this agenda item is not a project defined under CEQA. Any future development or change of use would require environmental review.

Attachments:

1. Aerial Photograph of the Subject Site
2. Assessor's Parcel Map