

CITY OF YUBA CITY
STAFF REPORT

Date: September 1, 2020
To: Honorable Mayor & Members of the City Council
From: Public Works Department
Presentation by: Diana Langley, Interim City Manager

Summary

Subject: Declaration of Surplus Land and Exempt Surplus Land

Recommendation: A. Provide direction to Staff as to the disposal method for the Exempt Surplus Land properties

B. Adopt a Resolution declaring certain City-owned properties to be exempt surplus land and certain other City-owned properties to be surplus land and directing the City Manager to follow the procedures set forth in the Surplus Land Act for the sale of such properties

Fiscal Impact: The City will ultimately receive proceeds from the sale of the Exempt Surplus Land and the Surplus Land

Purpose:

Declare certain City-owned properties as either surplus land or exempt surplus land pursuant to the Surplus Land Act (Gov. Code §§ 54220-54232), and to offer such surplus land for sale, and initiate a sale process for such exempt surplus land.

Background:

The Surplus Land Act (Act) governs the disposition of land owned by the City that is determined to be no longer necessary for the City's use. 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 (and in some cases, another governmental agency). The legislation is intended to address California's shortage of affordable housing and impacts existing practices, adds new reporting requirements, and subjects agencies to penalties for non-compliance in certain circumstances. AB 1486 went into effect January 1, 2020, however, the new penalty provisions do not go into effect until January 1, 2021.

The new procedural requirements for disposal of Surplus Land under the Act pursuant to AB 1486 are as follows:

1. Surplus land is now defined to mean essentially all land owned by a city, successor agency, housing authority, joint powers authority, and other local agencies. Prior to any sale or lease of 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. The definition of "exempt surplus land" includes properties that are less than 5,000 sq. ft. in area, land that a

local agency exchanges for another property necessary for the agency's use, land transferred to another local, state, or federal agency, land that is subject to recorded covenants (not imposed by the agency) that would make housing a prohibited use, among other factors. If the land has been declared as exempt, the City need not comply with the following procedural requirements.

2. 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 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 (who has registered with the Department of Housing and Community Development ("HCD")).
3. 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, school districts (if the land is suitable for school facilities), and the State Resources Agency (SRA), for purposes of park, recreation, or school facility development.
4. Any responding entity to the NOA (i.e., a housing sponsor, park or recreational department, school district or SRA) (Responding Entity) must notify the City of its interest in purchasing or leasing the land within 60 days following receipt of the NOA.
5. If the price and terms cannot be agreed upon between the City and a Responding Entity within 90 days, the City may then go forward to sell or lease the surplus land to a third party. However, the City will still have to provide the HCD a description of the NOA sent and negotiations conducted with any Responding Entity.
6. In negotiations with any housing sponsor, the City must negotiate in good faith and cannot include deal terms that would reduce or disallow residential use of the site, even if it is not zoned for residential use (i.e., the housing sponsor must be able to pursue entitlements of the site for residential use). However, the Act does not subvert a City Council's land use discretionary authority; ultimately, the City Council may deny a zone change or entitlement request in its discretion. In addition, the City is not required to sell or lease the land for less than its fair market value.
7. Note that the housing sponsor need not propose a development of the surplus land for 100% affordable units; 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.
8. If no housing sponsors respond to the NOA or if negotiations terminate and the land is later sold or leased to a market rate developer who builds more than 10 residential units, the Act requires that 15% must be sold or rented at an affordable cost or affordable rent to lower income individuals.
9. The Act requires that the HCD must review the description submitted by the City pursuant to Section 5 and submit written findings to the City within 30 days as to whether any process violations have occurred. If HCD does not respond within the 30-day time period, the local agency is not subject to any penalty under the Act. (These provisions take effect January 1, 2021 – so it is likely that the HCD will not provide such findings.)

10. Any violations of the Act are subject to harsh penalties; between 30 percent and 50 percent of the final sale price for the property. The HCD, Attorney General, and any beneficially interested entity may bring an action to enforce the Act. (These provisions take effect January 1, 2021 – so if the surplus land properties are sold prior to such date, they would not be subject to these penalties)

A list and map of City-owned surplus properties are provided as Attachments 1 and 2, respectively. Some of the properties meet the criteria for “exempt surplus land” though many of the properties are considered “surplus land”.

Analysis:

Staff is requesting that the City Council formally designate and declare certain City-owned properties as “surplus land” or “exempt surplus land” as shown on Attachments 1 and 2. The properties identified in Attachments 1 and 2 are not all of the City’s surplus properties. There are additional properties owned by the Successor Agency to the City’s former Redevelopment Agency and a property that is the former Stonegate Treatment System that is owned by the City but under the name of “Tierra Buena Community Services District”. These properties are more complex and will be addressed at a later date.

As noted above, under the Act, surplus property is defined as land owned by the City that is determined to be no longer necessary for the City’s use. Staff recommends selling or disposing of any properties that the City does not want to retain prior to January 1, 2021 to ensure the penalty provisions under AB 1486 will not apply. Options to dispose or sell of these properties are as follows:

For Exempt Surplus Land:

- If it is exempt because the land is very small in size (less than 5,000 sq. feet in area), consider deeding such land to adjacent property owners, with the finding that it is in the best interest of the City. There is no value to the City to retain these properties and any maintenance currently costs the City.
- Evaluate on a case-by case basis to determine if there is benefit to combining them with adjacent property.

For Surplus Land:

- Select a real estate broker to assist the City to manage the offering, negotiating, and potentially selling the surplus land, as City Staff does not typically manage such sales of property, however City Staff shall ensure it complies with the process for disposal of the properties as required by the Surplus Land Act.
- Issue a NOA and solicit proposals from housing sponsors and other interested parties for the purchase/lease of the land, and proceed with the process required under AB 1486 as outlined above. In connection therewith, City Staff shall obtain appraisals for the properties.
- Any proposals received following the NOA will be negotiated by City Staff and later presented to the City Council and any resulting proposed contract for sale with a Responding Entity will require the approval of the City Council.
- If no proposals are received following the NOA, proposals for acquisition with private parties shall be negotiated by City Staff and later presented to the City Council and any resulting contract for sale will require the approval of the City Council.

Some of the surplus properties are very challenging and there is uncertainty if they can be developed for residential construction. There is City water available to the majority of the properties, but some of the properties do not have access to City sewer utilities. In each case, the properties shall be sold/leased “as is”, making no guarantees as to the ability to develop the particular site.

Fiscal Impact:

The City will collect proceeds from the sale of the exempt surplus land, and following the process outlined in Sections 2-9 of the Background Section above, shall collect proceeds from the sale of the surplus land.

Alternatives:

1. Do not proceed with declaring any of the surplus land properties as surplus.
2. Do not proceed with declaring and/or disposing of any of the exempt surplus land properties at this time.

Recommendation:

- A. Provide direction to Staff as to the disposal method for the Exempt Surplus Land Properties.
- B. Adopt a resolution declaring certain City-owned properties to be exempt surplus land and certain other City-owned properties to be surplus land and directing the City Manager to follow the procedures set forth in the Surplus Land Act for the sale of such properties

Attachments:

1. List of City-owned properties designated by “Exempt Surplus Land” and “Surplus Land”
2. Map of City-owned surplus properties
3. Resolution

Prepared and Submitted by:

/s/ Diana Langley

Diana Langley
Interim City Manager

Reviewed by:

Finance

SM

City Attorney

SLC by email

ATTACHMENT 1

Exempt Surplus Land

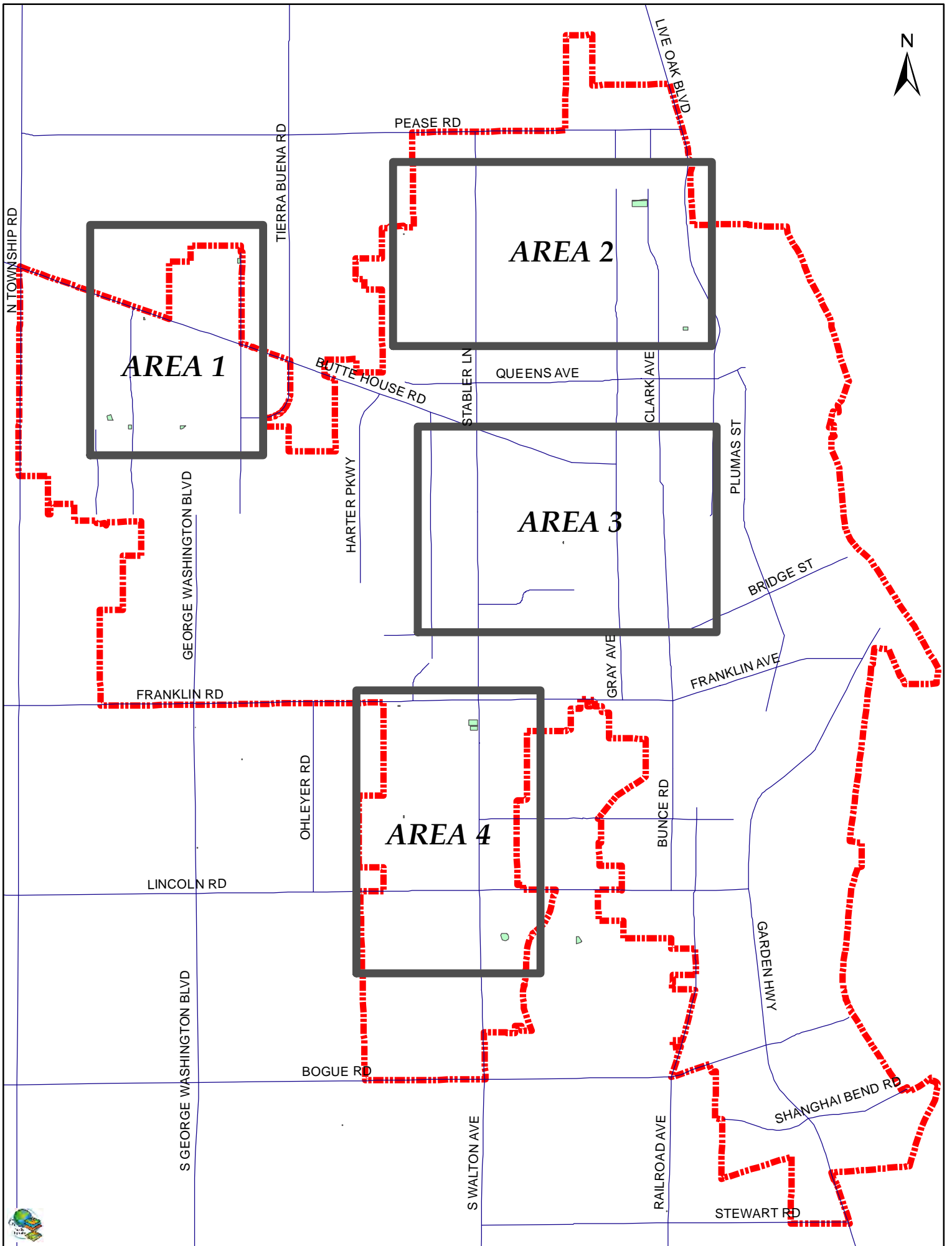
Map ID	APN	Site Address	Acreage	Exempt Surplus Land	Zoning	Notes
18	57-054-010	DEAN DR	0.04	Yes	R-1	
14	57-172-016	OLIVER DR	0.03	Yes	R-1	
10	58-041-019	HWY 99	0.01	Yes	C-M	
3	59-540-020	BLEVIN RD	0.01	Yes	R-1	
5	62-180-043	BUTTE HSE RD	0.04	Yes	R-1	
11	20-030-105	GEO WASH BLVD	0.00	Yes		Outside City Limits
13	20-271-004	DEL AMO DR	0.01	Yes		
12	20-283-011	S GEO WASH BLVD	0.01	Yes		
21	23-422-004	HOLCOMB AVE	0.01	Yes		
22	23-430-018	RAILROAD AVE	0.02	Yes		

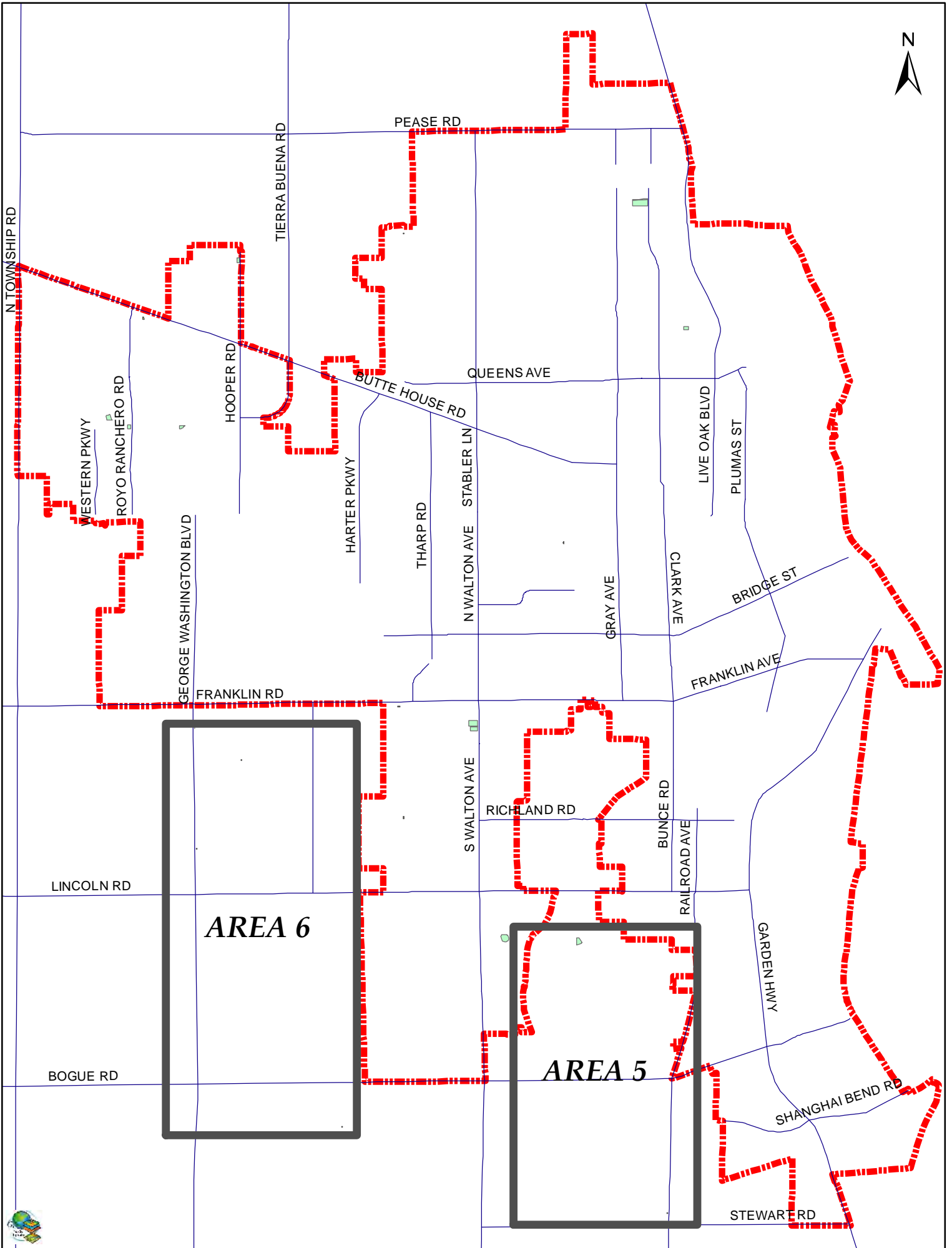
Surplus Land

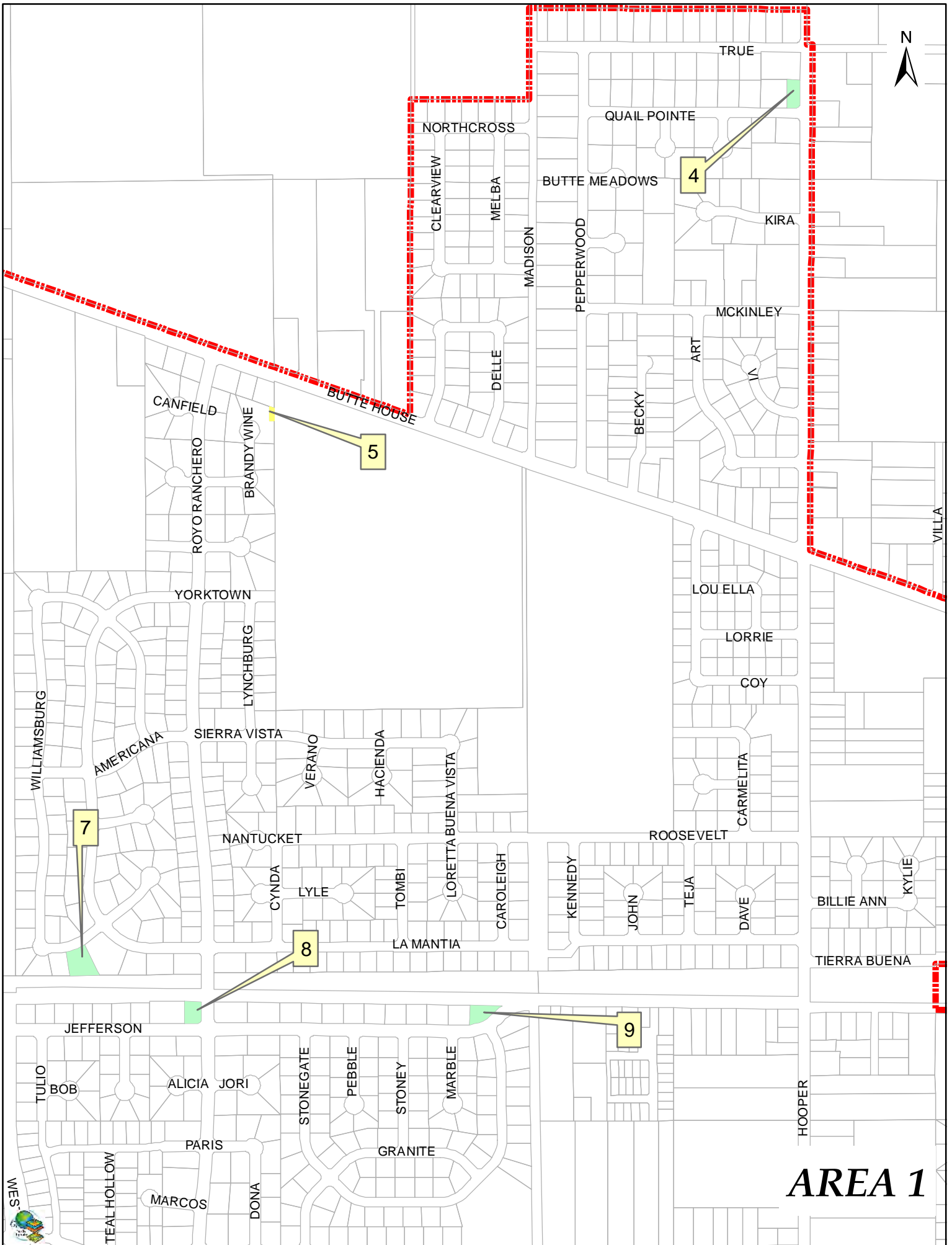
Map ID	APN	Site Address	Acreage	Exempt Surplus Land	Zoning	Notes
6	51-516-007	DARROUGH DRIVE	0.26	No	R-1	
2	51-620-026	CLARK AVE	1.58	No	R-1	Merge Properties
1	51-660-084	CLARK AVE	0.19	No	R-1	
19	56-282-018	1234 JOSEPH ST	0.82	No	R-1	
17	57-150-004	217 S WALTON AVE	0.47	No	R-1	
15	57-150-050	211 S WALTON AVE	1.00	No	C-O	
16	57-220-065	WALTON AVE	0.11	Yes*	R-1	Merge w/ 217 and/or 211 S Walton Properties
4	61-060-015	2761 QUAIL POINT DR	0.21	No	R-1	
8	62-210-002	1488 ROYO RANCHERO DR	0.16	No	R-1	
7	62-250-040	1480 WILLIAMSBURG DR	0.36	No	R-1	
9	62-270-010	3059 JEFFERSON AVE	0.22	No	R-1	
20	22-171-007	1289 CRESWELL DR	0.50	No		Outside City Limits

*APN 57-220-065 needs to be merged with APN 57-150-004 and/or APN 57-150-050.

ATTACHMENT 2

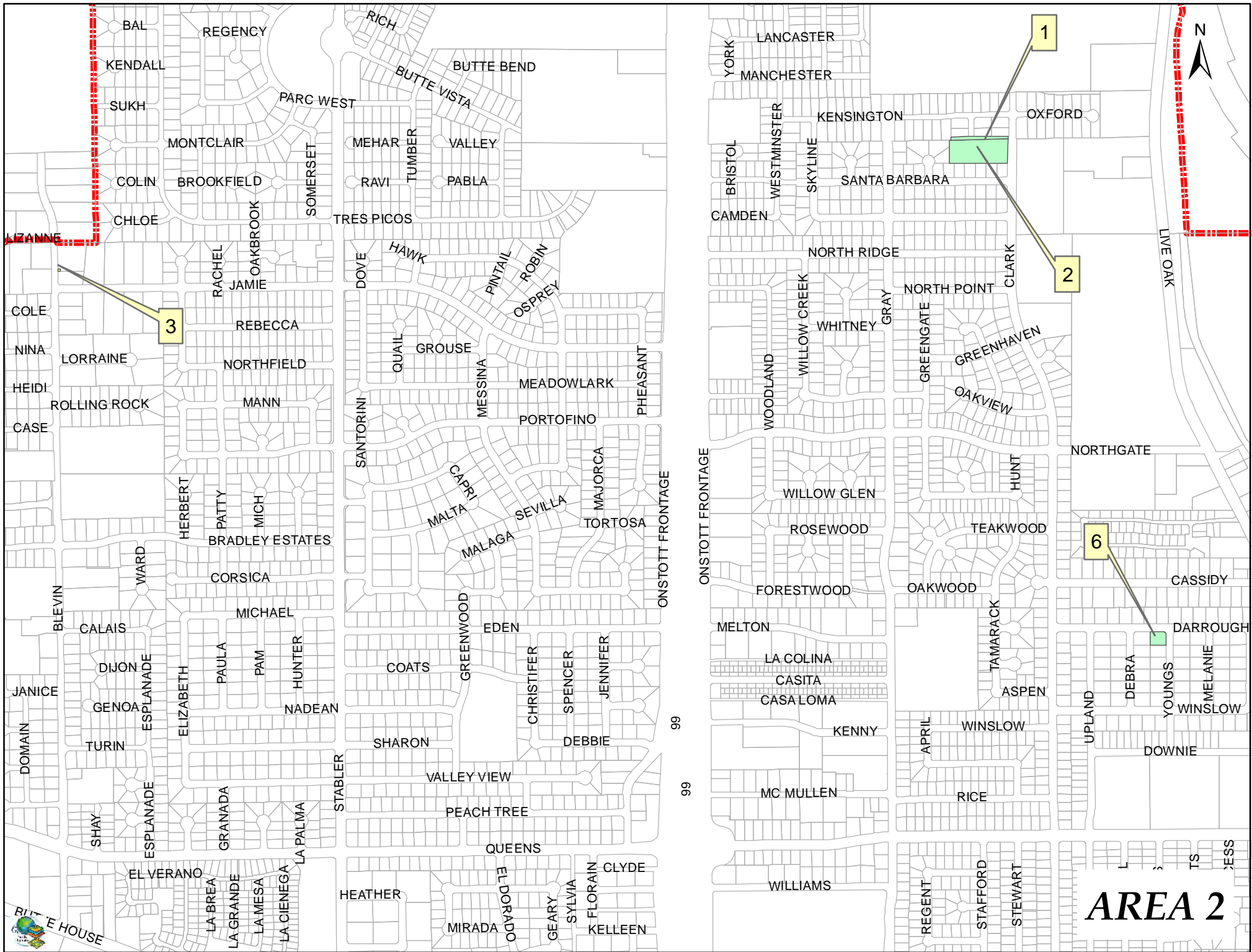






AREA 1





AREA 2



AREA 3



STEVEN

99

POOLE

VETERANS MEMORIAL

BUTTE HOUSE

WOODWORTH

CHARLOTTE

STAFFORD

ROSEMARY

LEWIS

BUTTE

BIRD

MILLE

N

LIVE OAK

STABLER

STARR

CIVIC CENTER

ZUPAN

AINSLEY

AINSLEY

PLAZA

WILWICK

20

20

WOODWARD

ROCCA

ELLIS

ROSALIND

ROSALIND

WILKIE

LOUISE

LOUISE

CHESTNUT

CHURCH

BANDY

OLIVE

LASSEN

99

ANNETTE

FORBES

WALTON

GRAY

COOPER

SUNSWEEP

CLARK

ORANGE

FREMONT

REEVES

ABBOTT

SPIVA

SPIVA

KIMBALL

JONES

JONES

BROWN

FIPPINS

MORLEY

HUGHES

MARIE

LOWBROOK

BRIDGE

WILDFLOWER

ALFRED

JOANN

JOY

OUI

WHYLER

PALORA

LAWRENCE

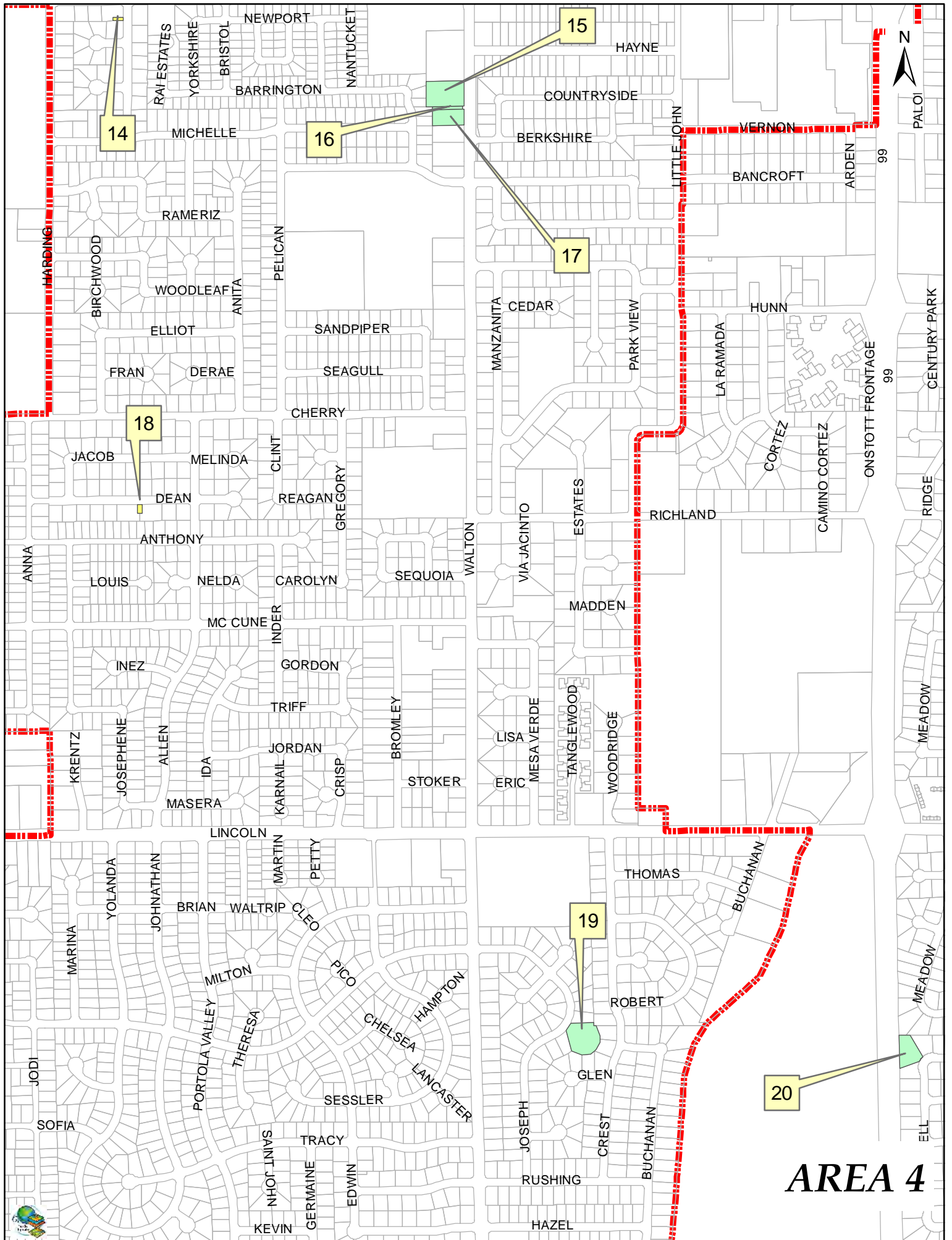
BARRETT

WHYLER

BROWN

FREDERICK

JUN
PAT
FRUIT



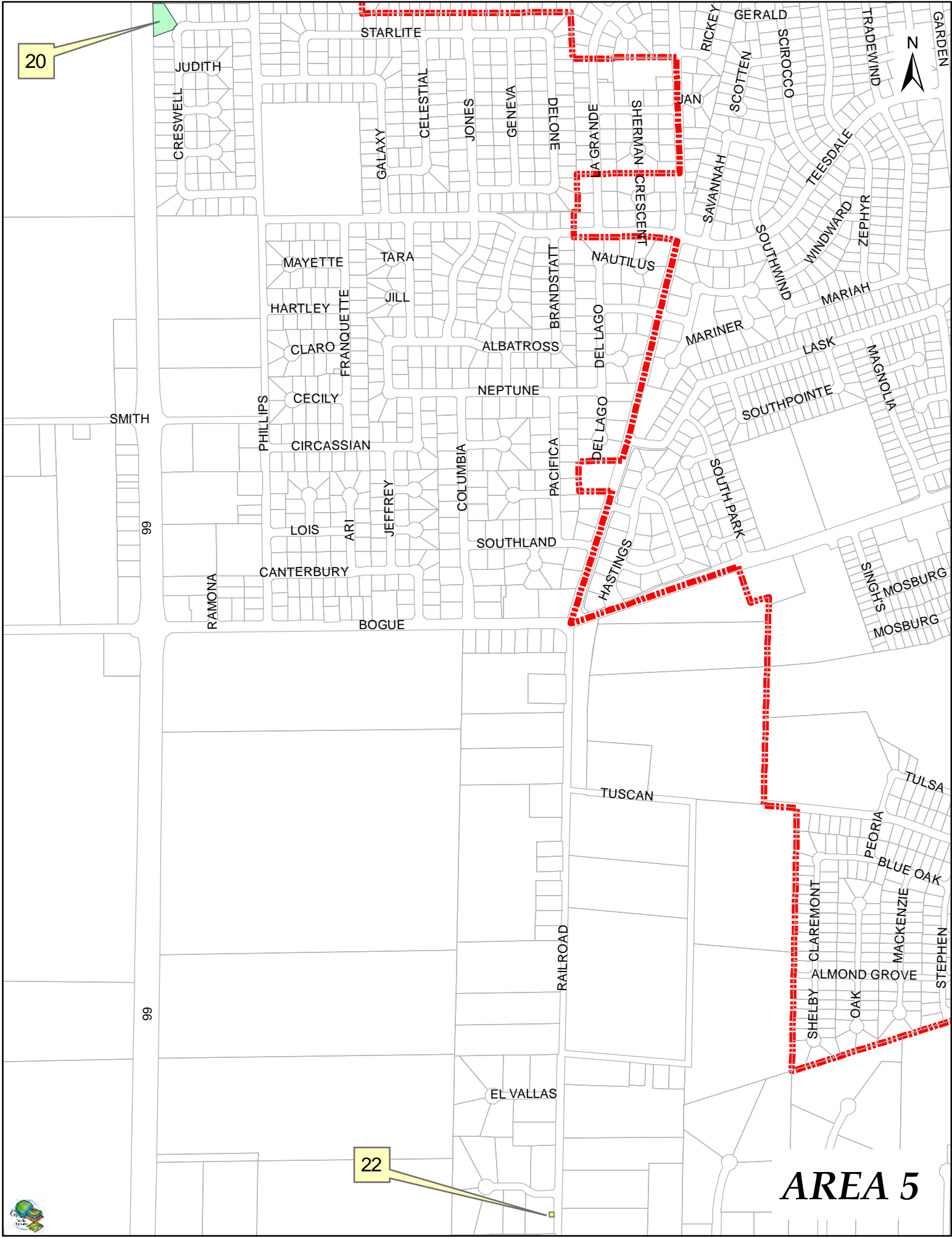
AREA 4

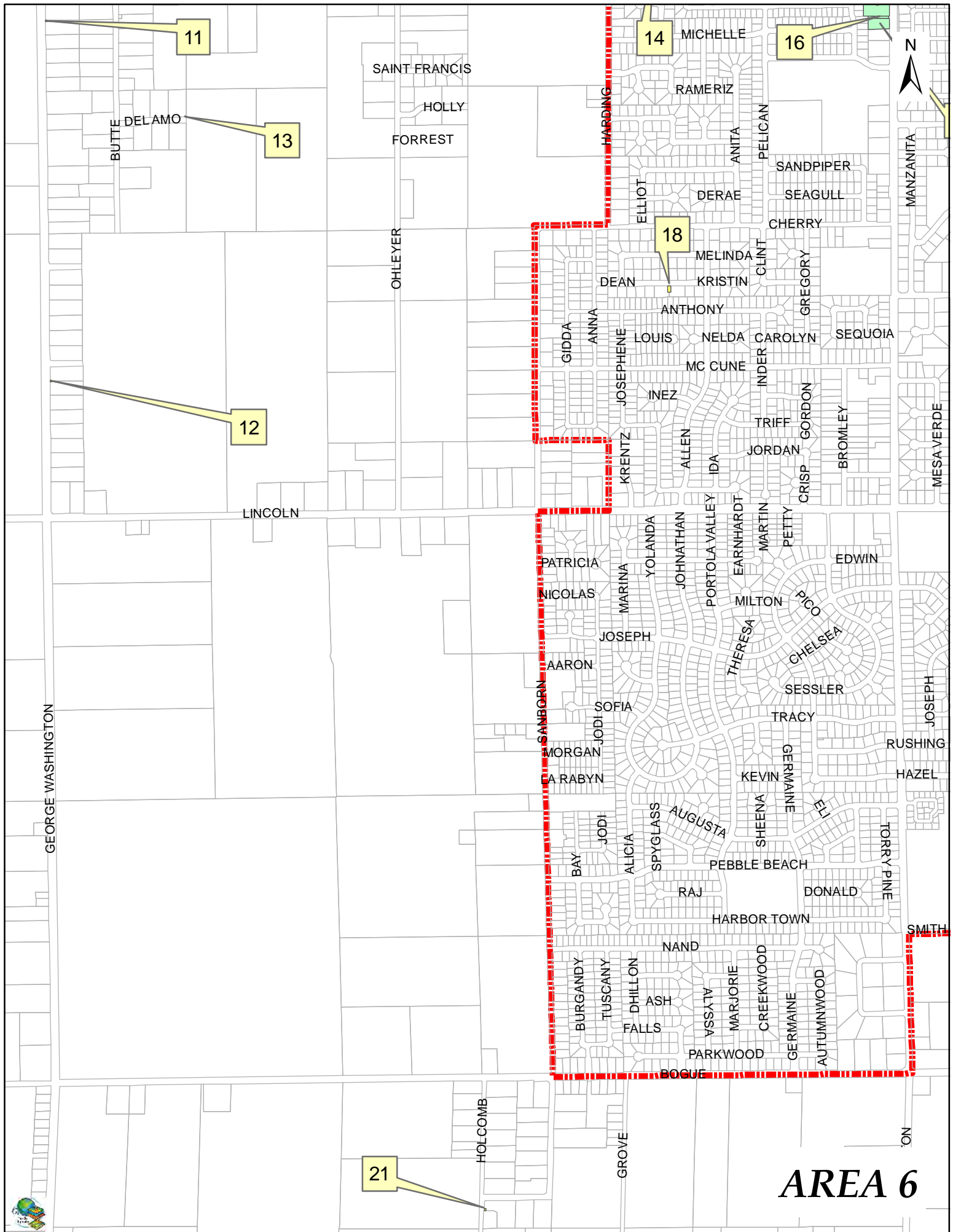
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22

AREA 5





ATTACHMENT 3

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF YUBA CITY
DECLARING CERTAIN CITY-OWNED REAL PROPERTIES TO BE EXEMPT SURPLUS
LAND AND CERTAIN OTHER CITY-OWNED PROPERTIES TO BE SURPLUS LAND AND
DIRECTING THE CITY MANAGER TO FOLLOW THE PROCEDURES SET FORTH IN THE
SURPLUS LAND ACT FOR THE SALE OF SUCH PROPERTIES**

WHEREAS, under the Surplus Land Act, Government Code section 54220 *et seq.*, as amended on January 1, 2020 (the "Act"), surplus land is defined as "land owned in fee simple by any local agency for which the local agency's governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency's use"; and

WHEREAS, under the Act, real property owned by a local agency, must be declared as "surplus land" or "exempt surplus land" as supported by written findings prior to the local agency taking any action to dispose of it; and

WHEREAS, the Act authorizes the to sell surplus real properties in the manner proscribed therein; and

WHEREAS, the City of Yuba City (the "City") owns certain real properties (i) identified in Exhibit A attached hereto, consisting of vacant and undeveloped land (the "Surplus Properties"), and (ii) identified in Exhibit B attached hereto, consisting of vacant and undeveloped land, each of which is less than 2,000 square feet and is therefore categorized as "exempt surplus land" under the Act (the "Exempt Properties"); and

WHEREAS, there is no present or contemplated use for these properties and therefore, they are surplus to the needs of the City as they are not intended to be used for any governmental purpose or operations; and

WHEREAS, the City has determined it would be in the best interest of the City to dispose of the Properties; and

WHEREAS, the City now desires to declare the Surplus Properties as surplus land and the Exempt Properties as exempt surplus land under the Act and to offer and initiate the sale of such properties in accordance with the procedures under the Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF YUBA CITY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The City Council finds the above recitals are true and correct and incorporated herein by this reference.

Section 2. The City Council hereby finds and declares the Surplus Properties as surplus land under the Act, based on the written findings set forth below:

(a) The Surplus Properties have been determined to be no longer needed by the City for any governmental purpose.

(b) The City has no current or future plans to use the Surplus Properties for any agency/City work or operations or any other governmental purposes.

(c) Therefore, the Surplus Properties are not necessary for the agency's use and qualify as surplus land under the Act.

Section 3. The City Council hereby finds and declares the Exempt Properties as exempt surplus land under the Act based on the written findings set forth below:

(a) Each of the Exempt Properties are less than 2,000 square feet in size and there is no value to the City in retaining such properties and disposing of the properties would alleviate the burden of the maintenance costs for holding them.

(b) Each of the Exempt Properties are less than 5,000 square feet in size and therefore, they qualify as exempt surplus land under Section 54221(f)(1)(B)(i) of the Act.

Section 4. The City Council hereby authorizes and directs the City Manager or his designee to send written notices of availability ("NOA") and offer the Surplus Properties for sale to each of the public agencies and entities listed in Government Code section 54222, and to negotiate the terms of a proposed sale of the Surplus Properties with any such agency or entity that responds to the NOA, and to otherwise follow the procedures of the Act, as applicable to a proposed sale of the Surplus Property.

Section 5. In the event that none of the public agencies or entities listed in Government Code section 54222 offer to purchase one or more of the Properties, or if the City and a public agency or entity listed in Government Code section 54222 does not reach an agreement on the terms and conditions of purchase/sale, the City intends to offer the Properties for sale to the general public in compliance with the requirements and procedures under the Act.

Section 6. Any proposed agreement(s) for the sale of the Surplus Properties or Exempt Properties shall ultimately be subject to the approval of the City Council.

Section 7. The disposal of the Surplus Properties and Exempt Properties is exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to California Code of Regulation, Title 14, section 15312. However, if development was proposed on such properties by a subsequent buyer, then that development would be reviewed under CEQA.

Section 8. This resolution shall be effective on upon its adoption. The City Clerk shall certify the adoption of this Resolution.

The foregoing resolution was duly and regularly introduced, passed, and adopted by the City Council of the City of Yuba City at a regular meeting thereof held on the 1st day of September 2020.

AYES:

NOES:

ABSENT:

Shon Harris, Mayor

ATTEST:

Patricia Buckland, City Clerk

APPROVED AS TO FORM
COUNSEL FOR YUBA CITY:

Shannon Chaffin, City Attorney
Aleshire & Wynder, LLP

Attachment(s):

Exhibit A – City-Owned Real Properties to be declared as Surplus
Exhibit B – City-Owned Real Properties to be declared as Exempt

EXHIBIT A
City-Owned Real Properties to be Declared as Surplus

Surplus Land

APN	Site Address	Acreage	Exempt Surplus Land	Zoning
51-516-007	DARROUGH DRIVE	0.26	No	R-1
51-620-026	CLARK AVE	1.58	No	R-1
51-660-084	CLARK AVE	0.19	No	R-1
56-282-018	1234 JOSEPH ST	0.82	No	R-1
57-150-004	217 S WALTON AVE	0.47	No	R-1
57-150-050	211 S WALTON AVE	1.00	No	C-O
57-220-065	WALTON AVE	0.11	Yes*	R-1
61-060-015	2761 QUAIL POINT DR	0.21	No	R-1
62-210-002	1488 ROYO RANCHERO DR	0.16	No	R-1
62-250-040	1480 WILLIAMSBURG DR	0.36	No	R-1
62-270-010	3059 JEFFERSON AVE	0.22	No	R-1
22-171-007	1289 CRESWELL DR	0.50	No	

EXHIBIT A
City-Owned Real Properties to be Declared as Exempt

Exempt Surplus Land

APN	Site Address		Acreage	Exempt Surplus Land	Zoning
57-054-010	DEAN DR		0.04	Yes	R-1
57-172-016	OLIVER DR		0.03	Yes	R-1
58-041-019	HWY 99		0.01	Yes	C-M
59-540-020	BLEVIN RD		0.01	Yes	R-1
62-180-043	BUTTE HSE RD		0.04	Yes	R-1
20-030-105	GEO WASH BLVD		0.00	Yes	
20-271-004	DEL AMO DR		0.01	Yes	
20-283-011	S GEO WASH BLVD		0.01	Yes	
23-422-004	HOLCOMB AVE		0.01	Yes	
23-430-018	RAILROAD AVE		0.02	Yes	