

CITY OF YUBA CITY
STAFF REPORT

Date: November 15, 2022
To: Honorable Mayor & Members of the City Council; Honorable Chairperson and Directors to the Successor Housing Agency to the Yuba City Redevelopment Agency
From: Administration Department
Presentation By: Diana Langley, City Manager

Summary

Subject: Declaration of Surplus Land – Successor Housing Agency to the Yuba City Redevelopment Agency Properties

Recommendation: Adopt a Resolution declaring certain Successor Housing Agency-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: Proceeds from the sale of the property will go to the City's Low-Moderate Housing Fund to be used for affordable housing. The City shall receive reimbursement for any costs incurred by the City

Purpose:

Declare certain Successor Housing Agency-owned properties as surplus land pursuant to the Surplus Land Act (Gov. Code §§ 54220-54232), and to offer such surplus land for sale.

Council's Strategic Goal:

This item supports Council's goal of fiscal responsibility as the disposition of the properties will generate funds to place in the City's Low-Moderate Housing Fund, which can be used to support affordable housing projects.

Background:

Based on a 2011 California Supreme Court decision, all redevelopment agencies in California were dissolved as of February 1, 2012. As a result, all redevelopment agencies were required to dissolve and transfer any assets and liabilities to "Successor Agencies" that would bring to a close the redevelopment agencies' business matters. On January 17, 2012, the City Council elected to become the Successor Housing Agency to the Redevelopment Agency (RDA) of the City of Yuba City, in which the City retained the RDA's affordable housing assets and functions and accepted responsibility for administering the RDA's Low and Moderate Housing Fund.

From 2008 through 2010, the RDA purchased eighteen (18) homes through the Homes2Families (H2F)

Program that were either in the foreclosure process or were offered for sale. Seven (7) of the properties were purchased on the north side of Bridge Street between Gray Avenue and Cooper Avenue in anticipation of the Bridge Street Widening Project. H2F properties are owned by the Successor Housing Agency, managed by the Regional Housing Authority (RHA), and are used for low-to moderate- income housing options.

The Surplus Land Act (Act) governs the disposition of land owned by the Successor Housing Agency that is determined to be no longer necessary for the Successor Housing Agency'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.

The 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 (for that agency's use), 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 agency need not comply with the following procedural requirements, however, the agency must send the resolution to the Department of Housing and Community Development ("HCD") prior to disposition.
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 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 agency 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 local agency and a Responding Entity within 90 days, the agency may then go forward to sell or lease the surplus land to a third party. However, the agency 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 local agency 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 agency 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 local agency pursuant to Section 5 and submit written findings to the agency 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.

A list and map of remaining Successor Housing Agency-owned surplus properties are provided as attachments.

Analysis:

Staff is requesting that the Successor Housing Agency formally designate and declare all remaining nine (9) Successor Housing Agency-owned properties as “surplus land”. However, staff will only proceed with disposition in compliance with the Surplus Land Act for three (3) of the properties. The remaining six (6) properties still have tenants, so staff recommends maintaining ownership of those properties until such time as the tenants vacate. Once a property becomes vacant, staff will initiate the disposition process for that property.

As noted above, under the Act, surplus property is defined as land owned by the Successor Housing Agency that is determined to be no longer necessary for the Successor Housing Agency’s use. Even though the subject properties already have single-family homes built on them, the Successor Housing Agency is still required to comply with the Surplus Land Act for the disposition of the properties. Staff has reviewed the properties and determined that none qualify as exempt under the Act. The proposed process dispose or sell these properties is as follows:

- 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, staff has already obtained appraisals for the properties.
- Any proposals received following the NOA will be negotiated by staff and later presented to the Successor Agency and any resulting proposed contract for sale with a Responding Entity will require the approval of HCD as well as the Successor Agency and Oversight Board.
- If no proposals are received following the NOA, proposals for acquisition with private parties shall be negotiated by staff and later presented to the Successor Agency and any resulting contract for sale will require the approval of the Successor Agency and Oversight Board.

The Successor Housing Agency’s declaration that the properties are surplus land is in compliance with statutory requirements under the Act and is not part of a project that has been identified, designed or funded. No physical change in the environment would occur. The action is an administrative action that would not result in direct or indirect physical changes in the environment and is not a project as defined in CEQA. (CEQA Guidelines section 15378(b)(4); 15060(c)(3)).

Fiscal Impact:

Proceeds from the sale of the property will go to the City's Low-Moderate Housing Fund to be used for affordable housing. The City shall receive reimbursement for any costs incurred by the City.

Alternatives:

1. Do not proceed with declaring any of the properties as surplus and work with RHA to lease the three (3) vacant properties.
2. Only proceed with declaring the three (3) vacant properties as surplus.

Recommendation:

Adopt a Resolution declaring certain Successor Housing Agency-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. Attachment 1 - Housing Successor Agency Properties List
2. Attachment 2 - Housing Successor Agency Surplus Property Map
3. Attachment 3 - Resolution - Housing Successor Agency Surplus Properties

Prepared By:

Diana Langley
City Manager

Submitted By:

Diana Langley
City Manager

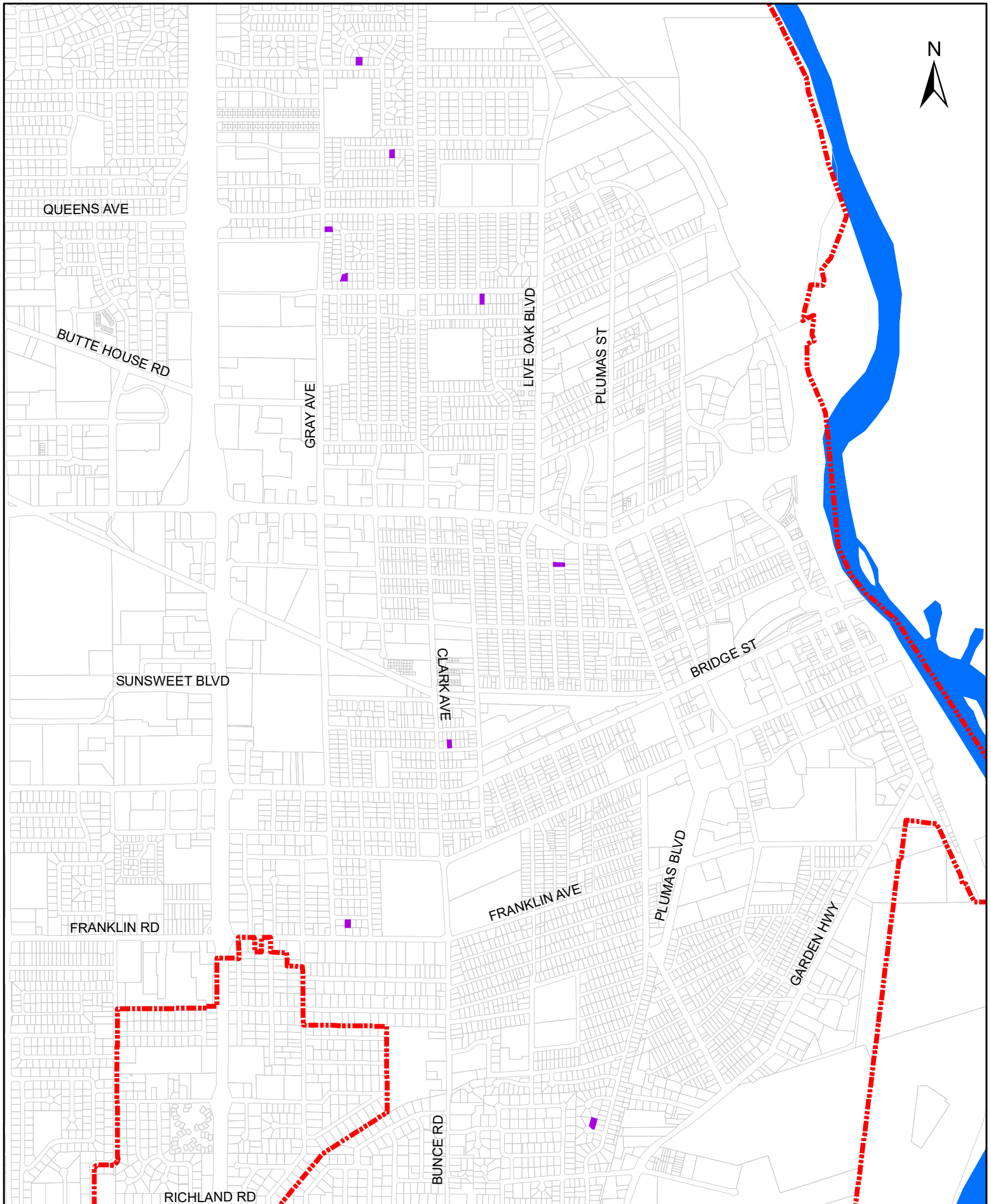
ATTACHMENT 1

Housing Successor Agency-Owned Real Properties

APN	Address	Acreage	Current Use
51-073-010	732 Winslow Drive	0.14	Single-Family Home
51-095-048	764 Regent Loop	0.15	Single-Family Home
52-411-016	825 Jones Street	0.12	Single-Family Home
51-095-020	1483 Gray Avenue	0.14	Single-Family Home
53-282-018	545 Laurel Avenue	0.2	Single-Family Home
52-161-036	847 Chestnut Street	0.16	Single-Family Home
52-122-002	1082 McCollum Avenue	0.15	Single-Family Home
51-264-004	1035 Oakwood	0.16	Single-Family Home
51-435-033	590 Washington Avenue	0.14	Single-Family Home

ATTACHMENT 2

Housing Successor Agency-Owned Properties



ATTACHMENT 3

RESOLUTION NO. _____

**RESOLUTION OF THE SUCCESSOR HOUSING AGENCY TO THE
YUBA CITY REDEVELOPMENT AGENCY DECLARING CERTAIN
SUCCESSOR HOUSING AGENCY-OWNED REAL 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 local agency to sell surplus real properties in the manner proscribed therein; and

WHEREAS, the Successor Housing Agency to the Yuba City Redevelopment Agency (the "Successor Housing Agency") owns certain real properties identified in Exhibit A attached hereto, consisting of developed single-family residential parcels (the "Surplus Properties"); and

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

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

WHEREAS, the Successor Housing Agency now desires to declare the Surplus Properties as 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 SUCCESSOR HOUSING AGENCY OF THE YUBA CITY REDEVELOPMENT AGENCY, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The Successor Housing Agency finds the above recitals are true and correct and incorporated herein by this reference.

Section 2. The Successor Housing Agency 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 Successor Housing Agency for any governmental purpose.

(b) The Successor Housing Agency has no current or future plans to use the Surplus Properties for any agency 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 Successor Housing Agency hereby authorizes and directs the City Manager or her 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 Properties.

Section 4. 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 Surplus Properties, or if the Successor Agency 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 Successor Housing Agency intends to offer the Surplus Properties (or any of them) for sale to the general public in compliance with the requirements and procedures under the Act.

Section 5. Any proposed agreement(s) for the sale of the Surplus Properties shall ultimately be subject to the approval of the Successor Housing Agency.

Section 6. The disposal/sale/transfer of the Surplus 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 is proposed on such properties by a subsequent buyer, then that development proposal would be reviewed and analyzed pursuant to the requirements under CEQA.

Section 7. 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 Successor Agency to the Yuba City Redevelopment Agency, at a regular meeting thereof held on the 15th day of November 2022.

AYES:

NOES:

ABSENT:

Name: Dave Shaw
Title: Chair of Successor Agency

ATTEST:

Ciara Wakefield, Deputy City Clerk

APPROVED AS TO FORM
COUNSEL FOR SUCCESSOR AGENCY:

Shannon Chaffin, City Attorney
Aleshire & Wynder, LLP

Attachment(s):

- Exhibit A – Successor Agency-Owned Real Properties to be declared as Surplus

Exhibit A

Successor Agency-Owned Real Properties to be Declared as Surplus

APN	Address	Acreage	Current Use
51-073-010	732 Winslow Drive	0.14	Single-Family Home
51-095-048	764 Regent Loop	0.15	Single-Family Home
52-411-016	825 Jones Street	0.12	Single-Family Home
51-095-020	1483 Gray Avenue	0.14	Single-Family Home
53-282-018	545 Laurel Avenue	0.2	Single-Family Home
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