



Staff Report

TO: Honorable Mayor and Members of the Town Council
FROM: Sean Rabé, Town Manager
DATE: October 11, 2022
RE: Compliance with Surplus Land Act for 3800 Taylor Road Development

Recommendation

Staff recommends the Town Council adopt Resolution ____ declaring the WW Moulding Plant property at 3800 Taylor Road as surplus to commence the process of complying with the Surplus Land Act (SLA) prior to selling or leasing the property. (Government Code § 54220 et seq.)

Issue Statement and Discussion

The Town Council previously provided direction to Staff to begin the process of potentially selling several Town-owned properties. Of those properties, the WW Moulding Plant property on Taylor Road has been a particular focus. The Town released a previous RFP for the redevelopment of the property and in late 2019 entered into a purchase and sale agreement with High Hand and Loomis Basin Brewery. That agreement fell through, however.

A second RFP was released in June 2021, with one proposal received. The Town began negotiations with the proposer in October 2021; however, those negotiations fell through.

There has again been considerable interest in the property. Council directed staff to bring back a new RFP when the Strategic Plan Update was approved in May, 2022.

Since that time, the City Attorney has informed Town Council that state law regarding the sale of property not needed for Town purposes has been revised. Now, prior to selling any Town-owned properties, the Town Council must comply with the requirements of the SLA. Generally, the surplus land statutes require a local agency disposing of surplus land to send, prior to disposing of that property, a written offer to sell or lease the property to specified entities. The aim of the Surplus Land Act is to increase the availability of real property in California for affordable housing development by requiring the prioritization of affordable housing when selling or leasing public lands no longer necessary for agency use. (Government Code § 54220 et seq.)

Attached to this Staff Report is a general overview of the requirements the Town must satisfy to comply with the SLA. The first step is to declare the land as "surplus" which can be done by Town Council

adopting the attached resolution at a regular meeting. After declaring the property as "surplus," Town staff will issue a Notice of Availability to the California Department of Housing and Development, local public entities within the site's jurisdiction, and CalHFA-certified Housing Sponsors who have notified HCD of their interest in developing affordable housing on surplus land. (Gov. Code, § 54222 (a)(1), 50074.) The local agency may also notify any other housing developers in addition to the CalHFA-certified housing sponsors.

CEQA Requirements

There are no CEQA implications associated with the recommended action.

Financial and/or Policy Implications

There is no financial implication to the recommended action.

Attachments

- A. Resolution Declaring the Surplus Property
- B. General Overview of SLA Compliance Requirements

TOWN OF LOOMIS

RESOLUTION 22-XX

A RESOLUTION OF THE TOWN OF LOOMIS TOWN COUNCIL DECLARING CERTAIN TOWN-OWNED REAL PROPERTY TO BE SURPLUS LAND

WHEREAS, Town of Loomis (the "Town") is the fee-title owner of certain commercial real property located at 3800 Taylor Road, the former site of W&W Moulding (the "Property"); and

WHEREAS, Government Code section 54221(b)(1) requires that before the Council take any action to dispose of real property consistent with an agency's policies or procedures, the real property shall be declared either "surplus land" or "exempt surplus land," as supported by written findings; and

WHEREAS, the Property was historically operated as W&W Moulding for lumber milling and is now vacant and not necessary for the Town's use; and

WHEREAS, the Town intends to sell the property consistent with the Town's policies and procedures, and in conformance with the surplus land statutes (Government Code Section 54220 *et. seq.*)

NOW, THEREFORE, BE IT RESOLVED AND ORDERED, by the Town, as follows:

1. The foregoing recitals are true and correct, and this Town so finds and determines.
2. The Town declares the Property to be "surplus land" pursuant to Government Code section 54221(b)(1).

PASSED AND ADOPTED this 11th day of October 2022. I, Carol Parker, Deputy Town Clerk of the Town of Loomis, Hereby Certify the foregoing resolution was introduced and passed at a regular meeting of the Loomis Town Council by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Jenny Knisley, Mayor

ATTEST:

Carol Parker, Deputy Town Clerk

Overview of Compliance Requirements for the Surplus Land Act

The process for the Surplus Land Act (SLA) consists of six steps: (1) Declare the land “surplus”; (2) Issue notice of availability to required parties (60 days); (3) Negotiate in good faith (90 days) and prioritize affordability; (4) Send proposed disposition to California Housing and Community Development (HCD) for review; (5) Address HCD’s findings; (6) Dispose of the land.

Step 1: Declare the land “surplus.” When the land is not necessary for agency use, prior to any action towards disposition, the Town must declare the land as either surplus or exempt surplus land at a regular, public meeting. "Disposition" includes the sale or lease of land. However, "disposition" excludes leases if the land is leased for less than five years or if development or demolition will not occur. (HCD Surplus Land Act Guidelines § 102(h)(1), April 2021.)

Town Council will adopt a resolution at a regular public meeting to declare the property as surplus and no longer necessary for the local agency’s use.

Step 2: Issue notice of availability. The Town must send the notice of availability (NOA) to local public entities within the site's jurisdiction and HCD, noting that the land can be used "for the purpose of developing low- and moderate-income housing." (Government Code § 54222.)

Upon request, the Town will send a NOA to CalHFA-certified Housing Sponsors who have notified HCD of their interest in developing affordable housing on surplus land. (Gov. Code, § 54222 (a)(1), 50074.) A link to the full list of developers can be found on the Public Lands for Affordable Housing Development page on HCD’s website. Note that the Town can send notices to other affordable housing developers that are interested in surplus land.

Entities have **60 days** to respond by sending a notice of interest (NOI) to the Town. (HCD Guidelines § 202(a)(1)(A).)

The Town may not issue a request for proposals (RFPs) on surplus land less than 60 days from the date that the Town issues the NOA of surplus land. If a NOI is received in response to an NOA, a request for proposals may not be issued until after the conclusion of the 90-day negotiation period. (HCD Guidelines § 202(a)(1)(A)(i).)

If there are no NOIs in response to the Town's NOA, the Town still must comply with the following in order to satisfy the SLA: (1) record a deed restriction requiring that, in the event 10 or more residential units are developed on the land, 15 percent of the units be set aside as affordable housing; (2) submit a copy of this deed restriction along with a summary of the disposition to HCD; (3) the Town must wait for a letter from HCD before agreeing to terms to sell or lease the land. (Gov. Code, §§ 54230, 54233.)

Step 3: Negotiate in good faith and prioritize affordability. Once the 60-day notice period is over, negotiations can begin. The Town must negotiate in good faith with any respondents for at least **90 days**. (HCD Guidelines § 202(a)(1)(B)-(C).) (Note: The 90-day good faith negotiation

period begins on the first day after the end of the 60-day period in Government Code section 54222(e).)

During the negotiation period, the Town cannot prohibit residential use on the property or reduce the allowable number of residential units below what is provided by zoning. When selecting a development partner, localities are generally required to prioritize affordable housing uses in the order provided in Government Code section 54227.

If the price or terms cannot be agreed upon after the full 90-day good faith negotiation period, then the Town may dispose of the surplus land without further regard to the SLA (and can issue an RFP) but must still comply with Government Code Section 54233. (HCD Guidelines § 202(a)(1)(B).)

Step 4: Submit the proposed disposition to HCD for review. Once negotiations have concluded but before agreeing to final sales price/lease terms, the Town must submit the disposition to HCD for review using the disposition summary form. Once a complete package is submitted, HCD has **30 days** to review – HCD will either send a letter approving the disposition or a letter indicating the corrections that must be made first. (HCD Guidelines § 400(e).)

Step 5: Address HCD's findings. The Town will be required to correct any issues identified by HCD within **60 days**. There are penalties for not correcting the issues. (30% of the final sale price in the case of a first violation, 50% for any subsequent violation.) (HCD Guidelines § 500(c)(2).)

Step 6: Dispose of the land. Execute a Purchase and Sale Agreement. SLA does not prohibit the local agency from disposing of their property for fair market value provided that the local agency follows the SLA process. (HCD Guidelines §§ 102(l), 500(c)(2).)