



Agenda Report

MEETING DATE: Tuesday, March 23, 2021

TO: City Council

FROM: ASSISTANT CITY MANAGER VIDES

SUBJECT: RESOLUTION DECLARING THE PORTER BUILDING AS A SURPLUS PROPERTY

STATEMENT OF ISSUES:

The City intends to sell City owned property located at 280 Main St. also known as the Porter Building. In order to do so, the City Council must declare the property as surplus land.

RECOMMENDED ACTION:

Adopt a Resolution declaring the Porter Building (Portion of APN 017-182-16) as a surplus property.

DISCUSSION:

BACKGROUND

The Surplus Lands Act ("SLA") in state law (Government Code section 54221), which was recently amended, requires that before a local agency such as the City takes any action to dispose of (sell or lease) property, it must declare the property to be either "surplus land" or "exempt surplus land". Unless the surplus land is exempt, the agency must give written notice of its availability to any local public entity, including schools and park districts, within whose jurisdiction the property is located, as well as to housing sponsors that have notified the State Department of Housing and Community Development (HCD) of their interest in surplus property.

The notice of availability must be given prior to the agency "participating in negotiations to dispose of the property". An entity receiving notice from the agency has 60 days to notify the agency of its interest in purchasing the property, and the agency is required to negotiate in good faith for not less than 90 days with any entity that has responded. Notwithstanding the obligation to negotiate in good faith, the local agency is not required to sell or lease the property to the agency, or to do so for less than fair market value.

If an agency fails to provide the proper notices, there is a significant penalty that requires a local agency to forfeit 30% of the purchase/lease proceeds for the first violation and 50% for any subsequent violations. The SLA's definition of "exempt surplus property" includes: property that is less than 5000 square feet; property that is transferred to another local, state or federal agency for that agency's use; property exchanged for another property for that agency's use; property put out to competitive bid for 100% affordable housing units or for 300 (or more)

housing units, at least 25% of which must be affordable to lower income households; property that is subject to a valid legal restriction not imposed by the local agency that would prohibit housing (non-residential zoning is not a valid legal restriction); property that is too small for residential use; or is a former street or easement that is conveyed to an adjacent property owner; and property that is licensed or leased for one year or less.

The “Porter Building” meets the definition of “surplus” property because it is not necessary for the City’s use and does not meet any of the exceptions cited in the SLA. Therefore, in order for the City to dispose of this property in compliance with state law the Council must declare it as surplus property and provide appropriate notice to HCD.

The property at issue is located at 280 Main Street and consists of approximately 12,000 sq. ft building (Portion of APN 017-182-16). The City recently received an offer to purchase the site to be used as an art gallery and artist studios.

This property meets the definition of “surplus” property because it is not necessary for the City’s use as defined pursuant to the amended SLA. As the property is not “exempt” per the amended SLA, the City must first declare it surplus and provide the notices described above before engaging in negotiations with a potential buyer.

STRATEGIC PLAN:

Adopting the resolution to declare the “Porter Building” as a surplus property supports Council Strategic Goal #4 by supporting the development of the downtown.

FINANCIAL IMPACT:

Adopting this resolution has no financial impact to the City.

ALTERNATIVE ACTION:

The Council may consider not adopting this resolution at this time.

ATTACHMENTS AND/OR REFERENCES (If any):

None.