

TO: Andrew P. Powers, City Manager

FROM: Akbar Alikhan, Deputy City Manager

DATE: June 18, 2024

SUBJECT: **Downtown Campus Master Plan – Declaration of Surplus Lands for Westside Parcels**

RECOMMENDATION:

1. Adopt resolution declaring that pursuant to Government Code Section 54221 that certain real property located at Assessor Parcel Numbers (APNs) 670-018-2060, 670-018-2190, 670-018-2220, 670-018-2230, and a portion of parcel located at APN 670-018-2210 is non-exempt surplus land, approving the notice of availability therefore, authorizing the City Manager to comply with the Surplus Land Act.
2. Find that this action is not a project as defined under the California Environmental Quality Act pursuant to CEQA Guidelines, Section 15060(c)(3), or in the alternative, even if the actions contemplated herein constituted a “project” under CEQA, they involve the sale or lease of surplus land which is exempt from environmental review under CEQA pursuant to CEQA Guidelines, Section 15312.

LEVINE ACT ITEM: No

FINANCIAL IMPACT:

No Additional Funding Requested. Minimal staff time to prepare staff report and resolution is included in the Adopted FY 2023-24 General Fund Budget.

BACKGROUND:

The Downtown Core Master Plan (DCMP) established a vision for the downtown core and identified the initiatives the City should pursue to create an active, pedestrian-friendly area. Working alongside RRM Design Group and informed by a variety of public outreach channels, staff developed a conceptual plan for City Council consideration. The conceptual plan includes the construction of new public plazas, a food hall/public market, construction of a new city hall building to enhance service delivery, adaptive reuse of the existing City Hall and tenant spaces for retail storefront, café, and restaurant uses, and development of City-owned parcels west

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of Dallas Drive. These parcels are commonly referred to as the Westside Parcel and hereinafter is referred to as “the Property”.

The Property includes the following APNs listed in the table below. There are existing tenants on each of the parcels, with the exception of 265 Oakwood Drive. Discussions and appropriate noticing with the tenants would occur before any future City Council action regarding disposal of the Property.

APN	Street Address	Lot Size (acres)
670-018-2230	1858 E Thousand Oaks Boulevard	.51
670-018-2190	1900 E Thousand Oaks Boulevard	.50
670-018-2060	1938 E Thousand Oaks Boulevard	.25
670-018-2220	1948 E Thousand Oaks Boulevard	.21
670-018-2210	265 Oakwood Drive*	1.35
		2.82 acres

*Surplus area includes only a portion of this parcel. Total parcel lot size is shown in table above.

At its May 7, 2024 meeting, City Council authorized staff to advance the conceptual project and advertise a request for proposals for Preliminary Design, Entitlement, and Environmental services. During the same City Council presentation, staff indicated upon City Council authorization for staff to proceed with the project and staff would return to City Council at an upcoming meeting seeking authorization to issue a notice of surplus lands for sixty (60) days, in compliance with the Surplus Land Act.

DISCUSSION/ANALYSIS:

Effective January 1, 2020, AB 1486 amended the Surplus Land Act, Government Code Section 54220 et seq. (SLA), which prescribes the process for disposal of surplus land. The SLA requires all local agencies to prioritize affordable housing, as well as parks and open space, when disposing of surplus land. New legislation which took effect on January 1, 2020, requires that before a local agency takes any action to dispose of land, the land must be declared either “surplus land” or “exempt surplus land,” as supported by written findings. “Surplus land” means the land owned by a 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.

City staff has determined the Property is “surplus land” that is subject to the SLA process, and that no exceptions apply. For example, if the Property was necessary for the City’s “agency’s use” then the City would not need to follow the SLA process for surplus property. However, the real property in question is not necessary for a valid “agency’s use.” Valid “agency’s uses” include land used pursuant to a written plan adopted by the City for agency work or operations, including: (1) utility sites;

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(2) watershed property; (3) land being used for conservation purposes; (4) land for demonstration, exhibition, or educational purposes related to greenhouse gas emissions; or (4) buffer sites near sensitive governmental uses, such as a buffer site near a wastewater treatment plant [Government Code § 54221(c)(1)]. Generally, valid “agency’s uses” do not include property used for the sole purpose of investment or generation of revenue, or for commercial, industrial, nongovernmental retail, entertainment, or office development activities [Government Code § 54221(c)(2)].

Additionally, the City has determined that the Property does not qualify as “exempt surplus land” because none of the SLA exemptions apply. Accordingly, before taking steps to lease or sell the Property, the City needs to comply with the SLA by taking formal action to declare the property surplus. The SLA process for “surplus land” involves the following steps:

1. After designating real property as non-exempt surplus land, the City must send Notices of Availability to affordable housing developers, public agencies, and other entities required to receive notice under the SLA.
2. Any party receiving a Notice of Availability interested in leasing/buying the surplus property must notify the City in writing within sixty (60) days after the Notice of Availability is transmitted.
3. If the City receives a Notice of Interest, the City must enter into good faith negotiations to determine a mutually satisfactory sale or lease price and terms.

Nothing in the SLA prevents the City from obtaining fair market value for the disposition of surplus land. Accordingly, the City has the power to sell or lease surplus land at fair market value or at less than fair market value [Government Code § 54226]. If the price or terms cannot be agreed upon after a good faith negotiation period of not less than ninety (90) days, the land may be disposed of without further regard to SLA procedures, other than submitting a report to the State of California Department of Housing and Community Development (HCD). The City may also have to record or require the recordation of an affordability covenant on the Property based upon future action.

After the City has sent Notices of Availability and concluded attempts to negotiate in good faith with any interested party, the City must provide a report to HCD. HCD then has thirty (30) days to notify the City whether it has violated the SLA. The City would then have sixty (60) days to correct the violation or to submit findings as to why the law was not violated. If the City is not notified of a violation by HCD within thirty (30) days after submitting the required materials, the City receives “safe harbor” and is not subject to the SLA’s penalty provisions.

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If local zoning permits development of ten or more residential units, or if the Property is rezoned within five years of a lease to permit the development of ten or more residential units, the City will be required to record an affordability covenant on the Property.

Adopting the attached resolution (Attachment #1) will declare that the property is “surplus land” under the SLA and direct staff to comply with the SLA. Should City Council authorize the declaration of surplus lands for the Westside Parcels, staff will issue notices to all applicable parties registered with HCD and await any notices of interest.

The recommended City Council action and staff efforts meet City Council’s Top Ten Priorities No. 4, Campus Master Plan – In conjunction with the ad-hoc committee and consulting team, continue community engagement on the Campus Master Plan project. Begin work on the design of the project. Engage with neighboring property owners to encourage investment and participation in alignment with the overall vision.

COUNCIL GOAL COMPLIANCE:

Meets the following City Council goal:

J. Implement high quality revitalization projects within Thousand Oaks Boulevard and Newbury Road Areas; Develop a pedestrian-oriented, viable, and self-sustaining “Downtown;” and, continue to support production of long-term affordable housing.

Attachments:

Attachment #1 – Resolution Declaring Certain City-owned Parcels as Non-Exempt Surplus Lands