



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Redevelopment Successor Agency

(831) 454-2280

Subject: 7th & Brommer Surplus Resolution

Meeting Date: June 27, 2023

Recommended Actions

- 1) Adopt a resolution of intent to sell surplus real property located at 855 7th Avenue (Assessor's Parcel Number [APN] 026-261-13), 901 7th Ave (APN 026-261-16) and 905 7th Ave (APN 026-261-17);
- 2) Authorize issuance of a Notice of Availability to all required open space and low- and moderate-income housing entities;
- 3) Authorize negotiation of terms to sell surplus real property to any qualifying responsive entities; and
- 4) Direct staff to return to the Board for approval of purchase contract terms or to request approval to issue an RFP to dispose of the surplus property in the event mutually satisfactory terms of sale are not reached.

Executive Summary

The Surplus Lands Act requires that prior to a public agency disposing of real property that is not necessary for the agency's use, the agency must adopt a resolution declaring the real property surplus. The Santa Cruz County Redevelopment Successor Agency (RSA) intends to sell the surplus real property located at 855, 901 and 905 7th Avenue (APNs 026-261-13, 026-261-16, and 026-261-17) (the Property) as required pursuant to the State mandated Long-Range Property Management Plan (LRPMP). Therefore, approval of the enclosed resolution declaring the Property as surplus and stating the RSA's intent to sell the Property is the first step to implementing the LRPMP consistent with the Surplus Lands Act, General Plan and Local Coastal Plan.

Background

In two separate transactions in June 2000 and July 2007, the former Santa Cruz County Redevelopment Agency (RDA) acquired three parcels of land located at the southwest corner of 7th Avenue and Brommer Street. The Property has been known as the 7th Avenue Visitor Accommodation Site. The RDA acquired the Property, which had been designated for coordinated development by the General Plan (GP) and Local Coastal Program (LCP), for assembly purposes, with a particular objective of facilitating development of visitor serving accommodations and other beneficial uses. The GP/LCP identifies the Property as a Coastal Priority Site, and existing policies support parks/recreation and/or visitor accommodation / visitor commercial uses to be developed on the Property. GP/LCP Priority Land Use policies, which were adopted in

1994 consistent with the Coastal Act, specify a minimum of 50% of the Property to be devoted to "Type A" traditional hotel use, as well as a minimum one acre for active or passive neighborhood park use.

Following the State's elimination of redevelopment agencies in 2011, the RSA adopted a LRPMP in 2013, which directed a managed sale of the Property consistent with the above-described GP/LCP policies, in a manner that would maximize sale proceeds and long-term economic and community benefits. The LRPMP directed that the Property be disposed for "highest and best use," while also respecting the above-described GP/LCP policies for the Property. The sale of the Property was also designed to be consistent with and implement the County's 2014 Economic Vitality Strategy (EVS), specifically *Goal 3.19 Facilitate Development of Visitor Facilities at the Harbor* and *Goal 5.9 Encourage Lodging Development to Foster Visitor Services and Fiscal Revenues*.

Late in 2019, the California Legislature significantly expanded the Surplus Lands Act (SLA), which governs the sale or disposition of publicly-owned properties, and imposed greater restrictions on public agencies' ability to directly negotiate with potential buyers and/or developers for the sale or lease of public properties. As a result of the expanded SLA requirements, the Property must be made available to various public and private entities for affordable housing, recreation, and open space uses.

Analysis

The SLA applies to the RSA's planned disposition of the Property. Pursuant to Government Code section 54221(b)(1), the RSA must declare the Site "surplus land" as supported by written findings, before the RSA Board may take any action to dispose of the Property. The Property does not qualify as "exempt surplus land" as it does not meet the criteria for exemption and further is located within the Coastal Zone.

Following adoption of a surplus resolution, the SLA requires the RSA to issue a Notice of Availability for open space and for low-, moderate-income housing purposes to all required entities as provided in Government Code section 54221(f)(2) and 54222(a) and allow 60 days for response. If a responsive notice of interest is received within the 60-day period, then the RSA is required to negotiate in good faith for at least 90 days to attempt to reach terms of sale. If mutually acceptable terms of sale are not reached within the 90-day negotiation period, then the Property may be sold outside of the requirements of the SLA (except that a limited affordability covenant must be recorded against the Property).

The Property is surplus to RSA needs and not necessary for RSA's use. It is therefore recommended to adopt a resolution declaring the Property surplus and stating the RSA's intent to sell the Property.

Financial Impact

Upon successful negotiation for disposition, sale of the Property will result in proceeds that will be distributed to the various taxing entities consistent with the share of the property tax received following approval of one or more Development and Disposition Agreements (DDAs) or other from of document approved by the RSA Board and the Santa Cruz County Consolidated Redevelopment Oversight Board.

Strategic Plan Element(s)

2.C (Attainable Housing: Local Inventory) - The Project will offer the opportunity for an increase and diversity of housing options on the Site.

5.B (Community Vitality) - The Project will stimulate the economy offering lodging, shopping, dining, and indoor/outdoor gathering places.

Submitted by:

Carlos J. Palacios, County Administrative Officer

Recommended by:

Edith Driscoll, Auditor-Controller-Treasurer-Tax Collector

Attachments:

- a RSA Board Resolution Declaring Brommer Site Surplus (eSign)