



## AGENDA SUMMARY EUREKA CITY COUNCIL

**TITLE:** C to F Parcels Surplus

**DEPARTMENT:** Development Services - Planning

**PREPARED BY:** Kristen M. Goetz, Principal Planner

**PRESENTED FOR:** Action Information only Discussion

### **RECOMMENDATION**

Hold a public hearing; and

Adopt a resolution finding the surplus by the City of Eureka of the C to F Parcels is exempt from CEQA and declaring the C to F Parcels surplus land.

### **FISCAL IMPACT**

No Fiscal Impact Included in Budget Additional Appropriation

### **COUNCIL GOALS/STRATEGIC VISION**

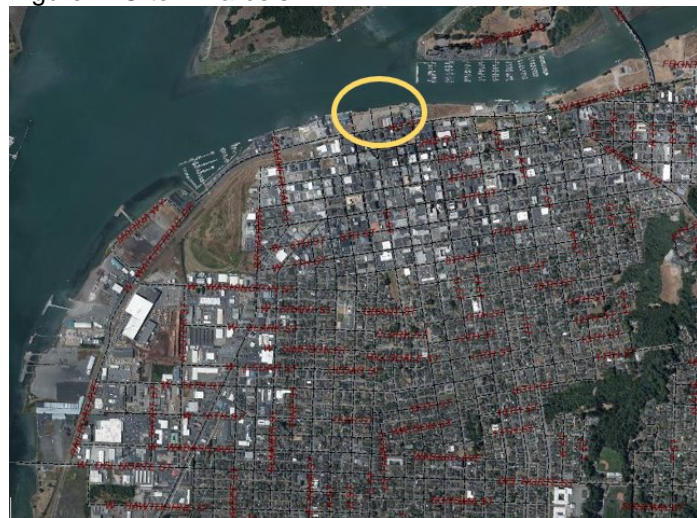
2019-27 Housing Element Imp-34: Affordable Housing on City-owned Properties.

### **DISCUSSION**

The City of Eureka is proposing to declare three City-owned parcels as surplus land under the California Surplus Land Act. The parcels are located between C and F Streets, north of First Street and south of the Boardwalk. The declaration will facilitate development of housing on these parcels.

The City of Eureka's 2019-27 Housing Element requires the City release a Request for Proposal (RFP) to develop housing on 14 City-owned parcels. Pursuant to the Surplus Lands Act, in order to lease or sell City-owned property, the City must go through a process to declare the land as

Figure 1: C to F Parcels



surplus land. Previous action by the City Council has declared all but three of the City-owned parcels identified for future affordable housing development, as surplus lands.

Figure 2: Site Map



Figure 3: APN 001-054-047



The parcel located at the northeast corner of First and C Streets, APN 001-054-047, is approximately 1.13 acres (~48,500 sf), and at various times in the past contained residential apartments and boarding houses, warehouses, the Buhne Warehouse building, and the Inside Track retail store.

Figure 4: APN 001-054-013

The parcel located at the northeast corner of the intersection of First and D Streets, APN 001-054-013, is approximately .22 acres (approximately .3 acres with the street right-of-way) (~13,000 sf), and contained a saloon, which eventually became a beer and wine warehouse.



Figure 5: APN 001-054-045



The parcel located between D and F Streets (APN 001-054-045), is immediately adjacent to and south of the Boardwalk. The parcel is approximately 1.34 acres (~58,400 sf), and contained warehouses for feed, groceries, and fishing gear, wharfs, and a fish packing plant.

Through the RFP process, the sites may be developed individually, or merged into one or two parcels. A minimum of 95 dwelling units affordable to very-low-income persons will be created.

### **ANALYSIS**

When a General Plan has been adopted, and the City proposes to dispose of City-owned real property, California Government Code (CGC) § 65402(a) requires the location, purpose, and extent of the property to be submitted to, and reported on by, the Planning Commission as to conformity with the adopted General Plan. This requirement is represented in the Eureka Municipal Code (EMC) 152.01 (Planning

Commission) which describes the powers and duties of the Planning Commission. EMC §152.01(B)(5) requires the Commission, “To advise with and recommend to the proper official of the city the acquisition, use, or disposition of all city owned real property.”

Additionally, according to the City’s Policies and Procedures, File 201, Sale of City Owned Real Property, the decision to declare the C to F Parcels surplus must be reviewed by the Planning Commission, and a determination made as to whether:

1. The parcels are necessary for agency (City’s) use;
2. The parcels are of such size and shape to allow development of uses permitted in the zone in which they are located; and
3. The disposition of the property is in conformance with Government Code § 65402.

Upon completion of their review, the Planning Commission’s report is submitted to the City Council for review. If Council finds the property is not required for the City’s use, it may declare the property surplus real property.

As required by the Surplus Lands Act, subsequent to Council declaring the land surplus, the City will distribute written offers to dispose of the property to all agencies and housing sponsors in the form of an RFP process.

### **1. Agency’s Use**

Pursuant to CGC § 54221(c)(1), the definition of “agency’s use” for the purposes of surplus land includes, but is not limited to, land which is being used, or is planned to be used pursuant to a written plan adopted by the local agency’s governing board, or is disposed of, to support [...] agency work or operations, including, but not limited to, utility sites, watershed property, land being used for conservation purposes, land for demonstration, exhibition, or educational purposes related to greenhouse gas emissions, and buffer sites near sensitive governmental uses, including, but not limited to, waste water treatment plants.

Although the C to F Parcels are intended to be used by the agency (City) to provide housing, the proposed use of the parcels does not meet the definition of “agency’s use” in CGC § 54221. None of the three parcels are currently being used for, or are included in a plan to be used for, or are being disposed of to be used for any City work or operations related to utilities, watershed property, conservation purposes, demonstration, exhibition, or educational purposes related to greenhouse gas emissions, or a buffer site near a sensitive governmental use. Therefore, the finding can be made the C to F Parcels are not necessary for the “agency’s use”.

### **2. Size and Shape**

The smallest parcel is rectangular in shape, and approximately 13,000 sf (including the D Street right-of-way), with the other two parcels being rectangular and triangle-shaped parcels, both over one acre in size. The parcels are all located in the Coastal Zone, and within the CW Waterfront Commercial zone district (anticipated to change to BC -

Bayfront Commercial with the LCP update), and have no density limitations. Coastal-dependent, coastal-related, and visitor-serving uses are allowed in the CW zone district, along with upper-floor residential uses. The number of dwelling units which could be developed on each parcel would be limited only by the area of the parcel, floor area and height limitations, and requirements for off-street parking and landscaping. Residential uses are conditionally permitted in the CW zone, and a Use Permit and Coastal Development Permit would be required. The City of Eureka has permit jurisdiction for both Use Permits and Coastal Development Permits. Findings required to approve Use Permits generally require the use: to be consistent with the purposes and intent of the district in which the site is located; to not be detrimental to the public health, safety, or welfare or materially injurious to properties or improvements in the vicinity; to comply with the applicable provisions of the code; and to be consistent with the certified Local Coastal Program. To approve a Coastal Development Permit, the review authority must find the project conforms to the certified Local Coastal Program. Staff believes at least 5 dwelling units can be created on the smallest parcel, and 45 dwelling units on each of the larger parcels. Therefore, the size and shape of the C to F Parcels can allow upper-floor residential uses in mixed-use developments on all three parcels.

### **3. General Plan/Land Use Plan/Housing Element**

The land use designation for the parcels is C-WFC Core – Waterfront Commercial. The purposes of the C-WFC designation are to protect and provide for nearshore development of recreational, visitor-serving, and commercial fishing industry uses which relate to the presence of coastal resources. Principal uses are hotels, motels, and visitor-serving developments, such as antique shops, art galleries, restaurants, taverns, commercial recreation facilities, and commercial fishing industry facilities. Conditional uses include professional offices, multiple-family units, residential uses on the upper floors of multistory structures, oil and gas pipelines, public works projects, and warehouses.

Staff has reviewed the adopted General Plan and Housing Element, and Local Coastal Program, and finds they are silent with regard to the necessity of retaining the parcels for City public use. Conversely, there are a number of Goals and Policies which support the use of the C to F Parcels for development of upper-floor residential uses.

#### **Coastal Land Use Plan Goals and Policies**

##### **Concentrated Mixed-Use Core**

**Goal 1.B** To create a compact, pedestrian-oriented, economically robust central Core Area that provides a clear geographic focus for attracting visitors and residents and for increasing private sector investment.

**Policy 1.B.1** The City shall promote the development of a compact Core Area of concentrated commercial, residential, fishing-related, civic, cultural, and recreational activities by unifying parts of the three historical central “districts” (i.e., Old Town, Downtown, and the Waterfront).

**Policy 1.B.2** The City shall actively encourage, support, and provide incentives, where feasible, for the types of development it prefers in the Core Area, including the following:

- a. Mixed-use projects.
- b. Housing in upper stories of buildings.
- c. Professional offices in upper stories of buildings.
- d. Projects that reinforce viable existing uses, such as fisheries.
- e. Projects that reinforce the identity of the Core Area.

**Policy 1.B.7** The City shall attempt to maximize the effectiveness of public sector investment by concentrating on a limited number of strategically-located, mutually-reinforcing, highly-visible projects that will stimulate private-sector investment.

### **Core Area Residential Community**

#### **Goal 1.F To expand the residential population of the Core Area.**

**Policy 1.F.1** The City shall promote expansion of the housing stock on the upper floors of multi-story buildings in the Core Area through rehabilitation, conversion, and infill.

**Policy 1.F.2** The City shall promote a mix of housing types and costs in the Core Area, including market-rate, moderate- and low-income, and artist work-live space. The City shall assist, where feasible, development of low- and very-low-income housing in the Core Area.

**Policy 1.F.3** The City shall encourage the development of both rental and for-sale housing in the Core Area.

### **2040 General Plan**

**Policy H-1.12 Diverse Housing Development Options.** Continue to provide a diverse range of housing development options beyond typical single-family and multi-family developments, such as: small lot subdivisions, urban lot split subdivisions, conservation subdivisions, internal conversions, adaptive reuse, mixed-use development, tiny houses, efficiency dwelling units, micro-units, and shared housing. As novel methods of providing additional housing are developed, evaluate their feasibility and consistency.

### **2019-27 Housing Element Goals and Policies**

**Goal H-2 The City government actively facilitates the creation of a range of new affordable and market rate housing units to accommodate future growth and to address the needs of all socioeconomic segments of the community.**

**Policy H-2.1 Facilitate Diverse Options.** Facilitate the development of a diverse range of housing options including, but not limited to: single-family homes, Accessory Dwelling Units (ADUs), multi-family rental housing, condominiums,

townhomes, live/work units, housing in mixed-use developments, dense multi-story developments, tiny houses, efficiency dwelling units, micro-units, shared housing, owner-occupied affordable housing, and other housing types.

**Policy H-2.4 Maximum Density Infill.** Promote and encourage the development of the last remaining vacant lots in the City with housing units at the highest density allowed in each respective zone district.)

**Policy H-2.8 Mixed-Use Residential.** Promote and encourage the development of new residential units in mixed-use zones, with particular emphasis on multi-story buildings, upper floor residential units, and residential units near transit stops.

**Policy H-2.15 Mixed-income Housing.** Encourage the development of mixed-income housing that includes various household compositions to accommodate a range of ages and family types.

**Policy H-2.19 Public Private Partnerships.** Explore public private partnerships where such arrangements are favorable to the creation of housing and that satisfy other goals/policies.

**GOAL H-6 All residents of Eureka have equal access to housing options.**

**Policy H-6.1 Safe and Stable Housing.** Work towards safe and stable housing for all members of the community.

**Policy H-6.4 Fair Housing Choices.** Continue to further fair housing choices by actively expanding housing opportunities and removing impediments to fair housing.

#### **2019-27 Housing Element Implementation Program**

##### **IMP H-34: Affordable Housing on City-owned Properties**

Create a total of at least 330 affordable dwelling units on 14 City-owned properties.

Staff believes action to surplus the C to F Parcels to allow future developers the option to lease or purchase the parcels to create affordable housing does not conflict with, and is supported by, the adopted General Plan and Housing Element and the Local Coastal Program, and this finding can be made.

#### **4. Planning Commission**

During public comment at the March 13, 2023, Planning Commission meeting, the following comments were made pertaining to declaring the sites surplus:

Dan Dion stated the sites are on the edge of being blight, are in miserable condition, and detract from our Waterfront and Boardwalk, so turning them into housing seems to be incredibly sensible.

Adam Dick stated he may have a bias about how this all develops, and maybe housing is a foregone conclusion, but suggested the City should consider holding onto the parcel which parallels the Boardwalk because development there will impact their view, which is ok with him, but one of the potential concerns is a gigantic portion of the parcel will

have to be used to provide an access corridor, potentially a two way street, angled parking, and sidewalks, which doesn't leave a lot of room for development close to the Boardwalk. Another potential issue which had been talked about in a previous design charette was shading the Boardwalk since anything built too tall right next to the Boardwalk will shade it for a significant portion of the year and it'll be really cold. Any design he's previously seen had considered very low development next to the Boardwalk to be sure there's an unobstructed view and no shading. He thinks for the parcel which parallels the Boardwalk in particular, if a lot of people are put down there in housing, having a green space still open for people to recreate next to the Boardwalk is valuable.

Robert Maxon has seen things play out naturally, and over the years, has seen nothing but potential for the site. He was surprised the potential use is so heavily weighted toward housing when previously through design charettes and all these other ideas, there was a lot of talk about hotels and housing. He's concerned the amount of parking which would be required for those uses, could quickly eat up the potential area for open space. He thinks we do need housing, and it's important to have a mix of uses, and wants to applaud moving forward since he thought, from the 2015 charette, the City was just going to go straight to RFP, but instead the City took the time to look at fixing the General Plan and the Parking Assessment District, and he encourages the City to keep moving forward.

Greg Pierson, part-owner of Bayfront One and the parcel on the west side of the F Street Plaza, who also worked with the City to provide property for low-income housing on the Sunset parcels, thought the Sunset parcels were taking care of the low-income housing needs for the community, and would provide more than the City needed. Now he's seeing the Boardwalk being slated for possibly 95 more very-low-income units, in a very short time from when the deal was completed, and he's wondering what's driving the project. He feels the community needs to understand what is being required, what is available, and why our Boardwalk is the best place to do it. He thinks those discussions need to happen before the City can make a decision, although he doesn't have a problem with the sites being declared surplus, because the City does need to move forward. He did then ask if declaring the sites surplus would mandate very-low-income housing units, and believes, a level of 95 units is somewhere between 30 and 40 units an acre, which he thinks is high development for our area. He wonders what else is the Boardwalk going to be. He thinks the community needs more information and has a right to know what the vision is for the site. He thinks housing is important and has worked with the City to help make that happen, but would appreciate education on what all this means before the City acts.

Kenny Carswell with SN Servicing Corporation (SNSC) says they've previously commented on the City's update to the Housing Element, particularly related to the redevelopment of City-owned parking lots, and, as outlined previously, SNSC understands the City is under significant pressure to comply with State regional housing allocation requirements. SNSC supports development of housing which is accessible to City residents at all income levels and believes the City should not allow redevelopment



without first analyzing potential impacts to the community, including, but not limited to, pedestrian safety, air quality, traffic impacts, and neighborhood compatibility. SNSC believes the resolution to this is simple: the City needs to maintain ground level parking for local businesses and employers like SNSC, and doing so will help protect the safety and security of businesses, employees, and patrons.

By a vote of 4-0, with one Commissioner absent, the Commission adopted a Resolution determining the location, purpose, and extent of the proposed surplus conforms with the City's General Plan.

### **Location, Purpose, and Extent**

Based on the analysis above, the C to F Parcels are not necessary for the "agency's use" and are suitable for conforming development based on their size and shape. Therefore, the City Council can find the location, purpose, and extent of declaring the C to F Parcels surplus to allow for development of affordable housing on City-owned parcels is consistent with the General Plan and Housing Element, and the Local Coastal Program, and with City Policy 2.01.

### **ENVIRONMENTAL ASSESSMENT**

The decision to declare property surplus, and the subsequent lease or sale of surplus property is a "project" pursuant to the California Environmental Quality Act (CEQA). However, pursuant to CEQA Guidelines, Categorical Exemption 15312 (Class 12) exempts the sale of surplus property except when the property is located in an area of "Statewide, Regional, or Area wide significance" as described in CEQA Guidelines Section 15206. Section 15206 states projects located within the coastal zone for which an Environmental Impact Report (EIR) and not a Negative Declaration was prepared, are considered to be located within an area of Statewide, Regional or Area wide significance. The parcels are located in the coastal zone, and the Housing Element which is precipitating the surplus of the property, was approved with an addendum to the 2040 General Plan EIR. However, under a Class 12 exemption, projects located within the coastal zone which used an EIR can still be determined exempt, provided the property does not have significant values for wildlife habitat or other environmental purposes, and the property to be sold [or leased] would qualify for an exemption under any other class of categorical exemption under the CEQA Guidelines.

Although the parcels are located adjacent to Humboldt Bay, they are currently vacant dirt lots, surrounded by urban uses, and therefore have no wildlife habitat value. Further, since upper-floor residential uses are conditionally permitted in the CW zone where the parcels are located, a Use Permit, and Coastal Development Permit, will be required to allow the future residential uses. A Class 1 (New Construction or Conversion of Small Structures) or a Class 32 (Infill Development Project) CEQA exemption will likely be applicable to future housing projects on the parcels. Therefore, the sale of the property is exempt from CEQA pursuant to Guidelines Section 15312.

**REVIEWED AND APPROVED BY:**

City Attorney  
City Clerk/Information Technology  
Community Services  
Development Services

Finance

Fire

Human Resources

Police

Public Works