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| Title: | Carriage Property |
| Project: | Surplus Property SP-23-0003 |
| Location: | Northwest corner of 1 st and C Streets (known as 4 C Street) |
| APN: | 001-011-021 |
| Applicant: | City of Eureka |
| Property Owner: | City of Eureka |
| Purpose/Use: | Surplus vacant land for future mixed-use development |
| Application Date: | February 22, 2023 |
| General Plan: | Core Waterfront Commercial (C-WFC) |
| Zoning: | Waterfront Commercial (CW) |
| CEQA: | Exempt under §15061(b)(3), Common Sense |
| Staff Contact: | Caitlin Castellano, Senior Planner |
| Recommendation: | Receive report; and Adopt a resolution finding the surplus by the City of Eureka of the Carriage Property is exempt from CEQA and recommending the City Council declare the property surplus. |
| Motion: | <i>"I move the Planning Commission adopt a resolution finding the surplus of the Carriage Property is exempt from CEQA, and recommending the City Council declare the property surplus."</i> |

Figure I: Location Map

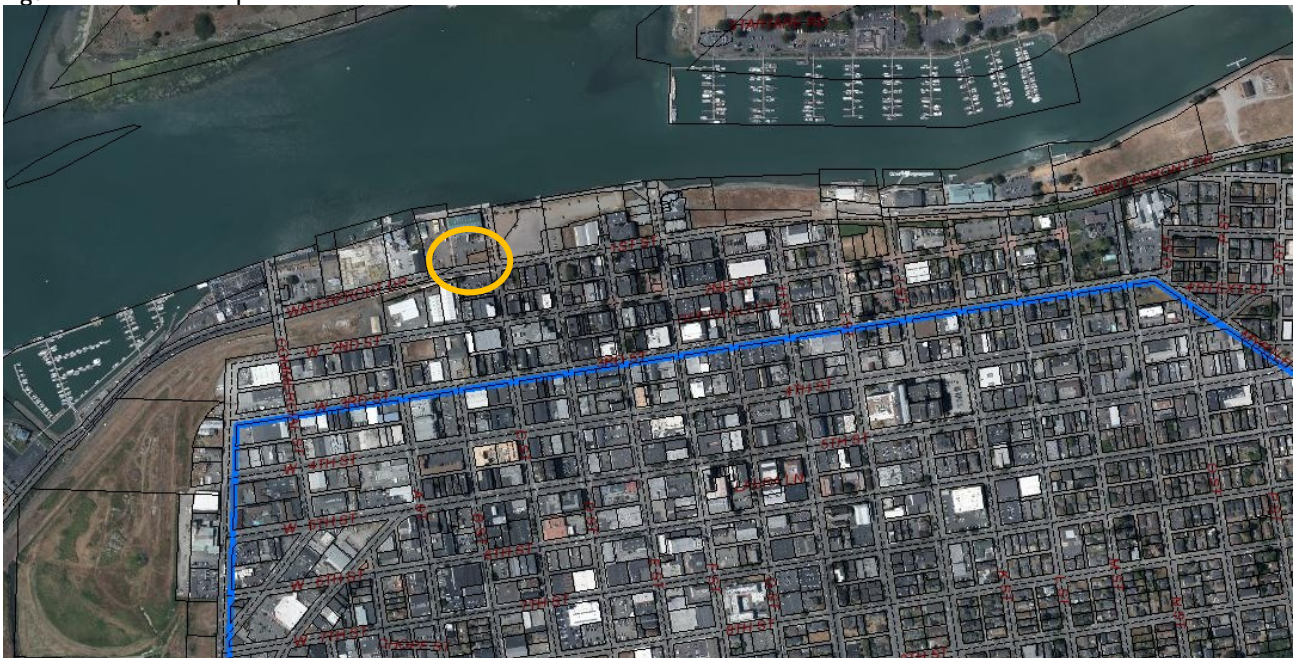


Figure 2: Site Map



PROJECT SUMMARY

The City of Eureka is proposing to declare an approximately 0.16-acre (6,970-square-foot[sf]) vacant parcel as surplus land under the California Surplus Land Act. The parcel (the Carriage Property) is located on the northwest corner of 1st and C Streets, south of the Fisherman's Terminal and Jack's Seafood and parking lot.

The City has received interest in developing the vacant parcel with a mixed-use development including the interested party's business offices. The declaration will allow the City to complete the required Surplus Land

Act process (described below), and negotiate a specific project. However, due to the requirements of the Surplus Land Act, the City must first notice the availability of the property for open space and affordable housing purposes, wait 60 days for responses, and negotiate in good faith for a minimum of 90 days with any entity interested in using the property for open-space and/or affordable housing purposes. Given the site is zoned Waterfront Commercial (CW) under the City's certified Local Coastal Program, and housing is only allowed above the ground floor in the CW zone, any affordable housing would need to be part of a mixed-use project containing a permitted ground floor use, such as a coastal-dependent, coastal-related, visitor-serving, or public or commercial recreational use (which are all prioritized in the CW zone).

If no one responds to the notice of availability within 60 days of sending, or if the City does not agree to a price and terms with an interested entity during the subsequent 90-day, good-faith negotiation period, the City has the discretion to sell or lease to an entity of the City's choosing. At that point, after the requirements of the Surplus Land Act have been fulfilled, the City could sell or lease the property to the local entity who has already expressed interest, or to someone else. Ultimately, it will be up to the City Council to negotiate the terms and determine what best serves the interest of the community.

Ultimately, the surplus process is a necessary step in allowing someone other than the City to develop and use this long vacant, underutilized infill parcel in the City's commercial core. Once a specific project is identified, a subsequent Coastal Development Permit (and Use Permit should a conditional or minor use be proposed), Design Review and environmental document will be required.

Background

The Carriage Property (also known as the Inside Track property) is vacant. In 2007 a Lot Line Adjustment (CDP-05-001 and LLA-05-001) created the parcel's current configuration, and a Local Coastal Program Amendment (LCP-07-0001/GPP-07-0001) rectified zoning and general plan land use

Figure 3: Street view from Waterfront Drive and C Street looking northwest



inconsistencies for this parcel and several around it. For this parcel, the Local Coastal Program amendment changed the land use designation from Core Coastal Dependent Industrial [C-CDI] to Core Waterfront Commercial [C-WFC] to be consistent with its Waterfront Commercial (CW) zoning. The purpose of the LCP amendment was to facilitate the “City of Eureka ‘C’ Street Projects” (CDP-07-0003) which included the following proposed redevelopment projects:

- Fisherman’s Work Area and Café, which was completed and includes the existing Fisherman’s Terminal, Jack’s Seafood and parking lot;
- C Street Pedestrian Plaza and Piazza, which was completed and includes the existing Madaket/C Street Plaza;
- Seaport Village, which was to be located in a portion of the C to F Street gravel parking lot, but never got funded/constructed; and
- Buhne Warehouse, which was to photo document and demolish the historic Buhne Warehouse (which was completed) to accommodate the proposed Seaport Village project in its place (which was not completed as described above), and to reconstruct a new building of the same proportions on the Carriage Property, replicate the historic Buhne Warehouse’s original design elements and building materials where possible, and include a stable for the horses and carriages with a small retail space on the ground floor and a dwelling unit above. This project required a subsequent/separate CDP which was never applied for by the applicants at that time, who were the owners of the Old Town Carriage Co., which is the subject property’s namesake.

On February 1, 2005, the City Council adopted Resolution No. 2005-05 certifying the Eureka Redevelopment Program Environmental Impact Report (Redevelopment PEIR) (SCH# 2004072042) to merge three Redevelopment areas, which included the “City of Eureka ‘C’ Street Projects.” The Redevelopment PEIR contemplated a mixed-use development including a residential use at the subject location as part of the C to F Street Projects, which would be in close proximity to more impactful uses (such as work occurring at the adjacent Fisherman’s terminal), and found with mitigation, the project would not have a significant impact on the environment.

In 2007 when CDP-07-0003 was being processed for the C Street Projects described above, it was determined the modified 2007 project descriptions were substantially the same as the

projects described in the 2005 Redevelopment PEIR, no new effects would occur and no new mitigation measures were required to approve the C Street Projects beyond those identified in the Redevelopment PEIR. Therefore, pursuant to CEQA Guidelines §15162, no new environmental document was required, and, on May 20, 2008, the C Street Projects, along with a Mitigation and Monitoring and Reporting Program consistent with the Redevelopment PEIR, was approved by Resolution No. 2008-20.

SURPLUS LAND ACT REQUIREMENTS

The Surplus Land Act (Government Code §§54220-54234) is a “right of first refusal” law which requires all local agencies to offer surplus land for sale or lease for affordable housing and/or recreational or open-space purposes before selling or leasing the land to any individual or entity. Unless the land qualifies as “exempt surplus land” pursuant to Government Code §54221(f), the local agency must provide a written notice of availability (NOA) of the property for development of low- and moderate-income housing to a list of housing sponsors kept by the California Department of Housing and Community Development (HCD) prior to disposing of surplus land. Entities interested in purchasing or leasing the surplus land for affordable housing then have 60 days to notify the local agency of their interest, and if a notice of interest is received, the local agency must negotiate in good faith with the interested entity for a period of not less than 90 days. If the local agency does not agree to a price and terms with an interested entity during the negotiation period, or no one responds to the notice, then the local agency can sell or lease the land to an entity of their choosing, with some caveats. The local agency must report to HCD twice during the process, pre- and post-negotiations, to demonstrate to HCD that the process has been followed consistent with the Surplus Land Act.

Separately, certain lands must be prioritized for open-space purposes, including, but not limited to, all lands within the Coastal Zone, and all lands listed on, or determined by the State Office of Historic Preservation to be eligible for, the National Register of Historic Places. For qualifying lands, the process outlined above must be followed, except the written notice of availability is for open-space purposes, and must be sent to the State Resources Agency and to any city or county park or recreation department and any regional park authority having jurisdiction within the area in which the land is situated.

The Carriage Property does not qualify as “exempt surplus land” pursuant to Government Code §54221(f) et seq.; therefore, a notice to, and negotiation with, housing sponsors is required. Additionally, the Carriage Property is located in the Coastal Zone, and the City must also notice the availability of the land for open-space purposes. For both notices, the City must issue the NOA, wait 60 days for any responses, and negotiate in good faith for a minimum of 90 days with any entity interested in using the lands for affordable housing and/or open-space purposes, prior to having the opportunity to negotiate with a local entity for a mixed-use development.

ANALYSIS

When a General Plan has been adopted, and the City proposes to dispose of (or lease) City-owned real property, California Government Code (CGC) §65402(a) requires the location, purpose and extent of such disposition 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) in §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 2.01, Sale of City Owned Real Property, the decision to declare property 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 it is 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 will be 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.

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.

The Carriage Property is vacant, and is not currently being used for, is not included in a plan to be used for, or is 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 Carriage Property is not necessary for the “agency’s use”.

2. Size and Shape

The Carriage Property is relatively flat, rectangular in shape and approximately 0.16 acres (6,970 sf) in area. The parcel is located in the CW - Waterfront Commercial zone district (anticipated to change to BC - Bayfront Commercial with the LCP update), and has no density limitations. The coastal zoning code prescribes the minimum lot area for parcels in the CW zone is 6,000 square feet, with a minimum length of 100 feet and a minimum width of 60 feet. The Carriage Property meets the minimum parcel size, and is approximately 114 feet in length, and 62 feet in width, meeting minimum width and depth standards. Therefore, the size and shape of the Carriage Property can support the development of various uses allowed in the CW zone.

3. General Plan/Land Use Plan

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. Regardless if a proposed use is principally permitted or conditional, development of the Carriage property will require a Coastal Development Permit. The City of Eureka has permit jurisdiction for both Use Permits and Coastal Development Permits, and Coastal Development Permits in this portion of the City are appealable to the Coastal Commission. Findings required to approve Use Permits generally require the use to: 1) be consistent with the purposes and intent of the district in which the site is located; 2) not be detrimental to the public health, safety, or welfare or materially injurious to properties or improvements in the vicinity; 3) comply with the applicable provisions of the code; and 4) be consistent with the certified Local Coastal Program. To approve a Coastal Development Permit, the review authority must find the project conforms to the policies of the certified Local Coastal Program.

Staff has reviewed the adopted General Plan and Land Use Plan portion of the Local Coastal Program, and finds they are silent with regard to the necessity of retaining the parcel for City public use. In addition, there is no goal or policy within the adopted General Plan or Land Use Plan which specifically calls for the retention of the property for the City's public purposes. Conversely, there is a goal and related policies which support the use of the Carriage Property for a mixed-use development with ground floor visitor-serving and/or recreational uses and upper-floor office and/or residential uses:

CORE AREA - Concentrated Mixed-Use Core

Goal I.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 I.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 I.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 I.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.

Therefore, Staff believes the City's action to surplus the subject property will not conflict with the adopted General Plan or Local Coastal Program.

Location, Purpose, and Extent

Based on the analysis above, the Carriage Property is not necessary for the “agency’s use” and is suitable for conforming development based on its size and shape. Therefore, the Planning Commission can find the location, purpose, and extent of declaring the Carriage Property surplus to allow the property to be used by an entity through the noticing and negotiating requirements of the Surplus Land Act process, or for a local entity to develop a mixed-use project including their business offices, is consistent with the General Plan, the Local Coastal Program, and with City Policy 2.01.

ENVIRONMENTAL ASSESSMENT

Declaring City-owned property as Surplus Property is a “project” for the purposes of the California Environmental Quality Act (CEQA). However, pursuant to the CEQA Guidelines, §15061(b)(3), there is a general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. Declaring the property as surplus property only sets forth the ability for the City to complete the Surplus Land Act requirements (to notice and negotiate with any entity interested in using the property for upper-floor affordable housing and/or open-space purposes) prior to the City having the opportunity to negotiate with a local entity for a mixed-use development or another project consistent with the CW zone.

At this time, because of the Surplus Land Act process, the City cannot know what project will ultimately be developed on the site, other than the fact that it will be a use or mix of uses allowed by the CW zone. The site could be developed with any CW-allowed uses now, and ever since the site was zoned and designated CW and C-WFC, at which time the site’s suitability for CW uses was analyzed by both the City and the Coastal Commission. The surplus process just opens up the land to being developed by someone other than the City. Because the project at this time is just the surplus of the land so that it can be sold or leased to an outside entity, there is no potential for a significant effect on the environment.

Furthermore, any future project at this location will require a discretionary permit triggering CEQA (i.e., a Coastal Development Permit and Design Review at a minimum, and a Use Permit should a conditional or minor use be proposed, such as housing), and environmental review will be required prior to any development or use of the site. Therefore, the current request to declare the land as Surplus Property qualifies for the Common-Sense exemption in §15061(b)(3) as described above.

STAFF CONTACT

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DOCUMENTS ATTACHED

Attachment I: Planning Commission Resolution 2023-____