



AGENDA SUMMARY EUREKA CITY COUNCIL

TITLE: Exempt Surplus Property Resolution for Linc Housing Sites

DEPARTMENT: Development Services

PREPARED BY: Cristin Kenyon, AICP, Director

PRESENTED FOR: Action Information only Discussion

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Eureka finding the Linc Housing Project Sites are exempt surplus land pursuant to California Government Code Section 54221(f)(1)(A) because the properties are to be disposed of for housing development pursuant to California Government Code Section 37364.

FISCAL IMPACT

No Fiscal Impact Included in Budget Additional Appropriation

COUNCIL GOALS/STRATEGIC VISION

- Strategic Goal: Maximize all levels of housing stock within City limits.
- Strategic Initiative: Linc Project

DISCUSSION

To help alleviate our local housing crisis, the City's 2019-2027 Housing Element includes Implementation Program *IMP H-34: Affordable Housing on City-Owned Properties*. This program involves a Request for Proposal (RFP) process for fourteen City-owned parcels at eight sites to be put up for sale or lease to affordable housing developers, with a goal of contractually requiring developers to construct at least 330 deed-restricted affordable housing units on City-owned parcels by 2028.

In July 2020, the City released an RFP for development on the first three City-owned sites at Myrtle and Sunny Avenues, 8th and G Streets, and 6th and M Streets. Linc Housing (Linc) was one of three developers to submit proposals in response to the RFP, and the RFP selection panel unanimously recommended Linc. Subsequently, at the October 20, 2020 City Council meeting, Linc was declared the preferred proposer of the RFP, and Council authorized the City Manager to proceed with a development agreement.

The Surplus Land Act is a “right of first refusal” law requiring local agencies to offer surplus land for sale or lease to affordable housing developers and certain other entities before selling or leasing the land to any other individual or entity. When the City released the RFP in July 2020, City Staff was unaware of recent changes to the Surplus Land Act effective January 1, 2020 and released the RFP without first declaring the sites exempt surplus land as required by the Act. It was always the City’s intent to dispose of the land for the construction of deed-restricted affordable housing consistent with the City’s Housing Element, and the City followed the spirit and intent of the Surplus Land Act, but missed a step because of a lack of awareness of the (then new) Surplus Land Act regulations.

Linc has been applying to the California Department of Housing and Community Development (HCD) for project financing, including an Affordable Housing and Sustainable Communities (AHSC) program grant and a Multifamily Housing Program (MHP) low-interest loan. When ranking applicants, these HCD programs provide scoring points to projects located on sites designated as surplus land by a local agency. Currently Linc is not eligible for these scoring points because the City did not adopt a resolution making a surplus declaration.

City Staff has conferred with HCD Staff in charge of implementing the Surplus Land Act, and HCD Staff has indicated the City can come into compliance with the Surplus Land Act by retroactively adopting a resolution declaring the Linc project sites as exempt surplus land and providing a copy of the resolution to HCD. Staff recommends City Council adopt the attached resolution declaring the sites as exempt surplus land in order to bolster the competitiveness of the project for purposes of securing grant and loan funding from the state.

REVIEWED AND APPROVED BY:

City Attorney

City Clerk/Information Technology

Community Services

Development Services

Finance

Fire

Human Resources

Police

Public Works