



**DATE:** January 21, 2025

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Adopt a Resolution Designating Two City-Owned Properties Located Near the Intersection of Depot Road and Whitesell Street in Hayward, California as Surplus Land, Authorizing the City Manager to Issue Notices of Availability as Required by the Surplus Land Act, and Finding that the Action is Exempt from CEQA Review.

## **RECOMMENDATION**

That Council adopts a resolution (Attachment II) designating the 0.73-acre City owned parcel with Assessor's Parcel Number (APN) 439-0070-006-01 located near the southeast corner of Depot Road and Whitesell Street and the 0.24-acre property with APN 439-0070-006-02 located near the southwest corner of Depot Road and Whitesell Street as surplus property, authorizing the City Manager to begin the surplus property notice of availability process consistent with the Surplus Land Act, and finding that the action is exempt from CEQA review.

## **SUMMARY**

The Surplus Land Act (SLA), Government Code section 54220, et seq., requires a local agency to follow specific procedural steps before disposing of land or negotiating to dispose of land that is no longer needed for the agency's use. The steps generally involve (1) adopting a resolution declaring the property surplus or exempt surplus, (2) sending notices of availability to entities designated in the SLA, primarily affordable housing developers/sponsors, and (3) negotiating in good faith for ninety (90) days with any entity that submits a notice of interest within sixty (60) days of the issuance of the notice of availability.

This item involves a 0.73-acre City owned parcel near the southeast corner of Depot Road and Whitesell Street (Parcel 1) with Assessor's Parcel Number (APN) 439-0070-006-01 and the 0.24-acre property with APN 439-0070-006-02 located near the southwest corner of Depot Road and Whitesell Street (Parcel 2). Staff recommend that the City Council adopt a resolution declaring these parcels as surplus pursuant to the SLA. Staff also recommend that the Council authorizes the City Manager or their designee to begin the surplus property notice

of availability process consistent with the Surplus Land Act. If the City receives notices of interest in the parcels, staff will return to Council for further direction.

## **BACKGROUND**

Parcel 1 (see Exhibit A to Attachment II), located near the southeast corner of Depot Road and Whitesell Street, is the current site of the Hayward Navigation Center (HNC), a city program which provides outreach services, short-term housing, case management, and housing navigation services to homeless individuals in the City of Hayward. The HNC site consists of three dormitory-style modular units that each house approximately 20 individuals in a congregate (shared) setting. The HNC facilities include additional modular units for laundry, bathroom, office, and community spaces. Since its inception, the HNC has served over 600 individuals, making a significant impact on the community. Through its dedicated services, the HNC has successfully placed 330 individuals into permanent housing, demonstrating its critical role in addressing homelessness and providing support to those facing housing instability. As the modular units and temporary utility connections approach the end of their useful lives, staff have been exploring replacement or relocation options. Additionally, staff have been mindful of an access easement allowing operations on a portion of a neighboring parcel that terminates in November 2025.

Parcel 2 (see Exhibit B to Attachment II) is located across Whitesell Street from Parcel 1, near the southwest corner of Depot Road and Whitesell Street, and is currently undeveloped.

## **DISCUSSION**

Before disposing of, or negotiating disposition of surplus land, the Surplus Land Act (SLA) requires the City to follow specific procedural steps. First, the City Council must declare the land to be surplus or exempt surplus at a public meeting. Next, the City must send notices of availability (NOA) of the property to (1) the California Department of Housing and Community Development (HCD), (2) specified public entities within whose jurisdiction the surplus land is located, and (3) any housing sponsors certified by California Housing Finance Agency (CalHFA) that have provided notice to HCD of their interest in receiving SLA notices. Thirdly, the City must negotiate in good faith for no less than 90 days with any entity that submits a notice of interest within 60 days of the issuance of the NOA. If no notices of interest are received in a timely manner, or good faith negotiations do not result in an agreement on disposition within the 90 day negotiating period, the City may dispose of the property without further regard to the SLA, subject only to the requirement that a covenant is recorded against the property imposing affordability conditions on any development involving construction of ten (10) or more residential units on the property. At least 15% of the total units must be sold or rented at affordable housing cost to lower income households as defined by state law and must remain affordable for at least 55 years for rental housing and 45 years for ownership housing.

HCD and the Attorney General have authority to enforce the SLA. A local agency that is found to be in violation of the SLA for the first time faces monetary penalties of 30% of the property's disposition value, which is the greater of the fair market value and the actual sale price. Subsequent violations result in penalties of 50% of disposition value. The penalty is required to be deposited in a local housing trust fund and used within five (5) years, otherwise the funds will revert to the State.

Staff have determined that Parcel 1 and Parcel 2 are no longer necessary for the City's use and may be declared surplus. The City intends to re-locate the HNC from Parcel 1 to another location in Hayward given that the infrastructure and easement agreement are coming to the end of their effective periods. Staff have engaged Bay Area Community Services (BACS), operator at the HNC for the past five years and developer of the St. Regis Multi-Service Campus located within the City, to discuss the feasibility of relocating the HNC to St. Regis. BACS is developing the St. Regis into a holistic campus of behavioral health treatment, crisis services, and supportive housing, including interim housing with supportive services. Pursuing this relocation would facilitate moving the HNC program toward a non-congregate model, which is becoming increasingly prevalent as a more effective approach to addressing homelessness, focusing on health, dignity, and long-term solutions. Parcel 2 is relatively small in size, undeveloped, and not necessary for any City operations.

### **ENVIRONMENTAL REVIEW**

The designation of the parcels as surplus does not have the potential for creating a significant effect on the environment and is therefore exempt from further review under CEQA pursuant to State CEQA Guidelines Section 15060(c)(3) because it is not a project as defined by the CEQA Guidelines Section 15378. Adoption of the Resolution does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Development applications related to the parcels will be subject to environmental review as required by law.

### **ECONOMIC IMPACT**

The sale of these parcels is expected to have a positive economic impact by generating revenue that can be reinvested into community development, public services, or other essential projects.

### **FISCAL IMPACT**

The sale of these parcels will result in potential revenue for the City. The price for the properties will be determined by staff based primarily on current market rates and as part of any subsequent land sale negotiation process.

## **STRATEGIC ROADMAP**

This agenda item is a routine operational item and does not relate to any of the six priorities outlined in the Council's Strategic Roadmap.

## **PUBLIC CONTACT AND NEXT STEPS**

Upon adoption of the attached resolution, the City Manager and staff will send a notice of availability to all entities required to receive notice under the Surplus Land Act and HCD's Surplus Land Act Guidelines. If notices of interest are received within the 60-day NOA timeframe, staff will return to Council for further direction prior to commencing negotiations.

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Approved by:



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