

# Agenda Report

August 26, 2024

**TO:** Honorable Mayor and City Council

**FROM:** Department of Housing

**SUBJECT: ADOPT A RESOLUTION DECLARING CITY-OWNED PROPERTY AT 1015 AND 1027 N. LAKE AVENUE AS EXEMPT SURPLUS LAND PURSUANT TO STATE GOVERNMENT CODE SECTION 54221(f)(1)(F) FOR THE PURPOSE OF AFFORDABLE HOUSING DEVELOPMENT**

## **RECOMMENDATION:**

It is recommended that the City Council:

- 1) Find that the recommended actions do not constitute a “project” subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15004(b)(4) and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required;
- 2) Adopt the attached Resolution declaring the property at 1015 and 1027 N. Lake Avenue as exempt surplus land pursuant to State Government Code Section, 54221(f)(1)(F); and
- 3) Authorize the City Manager, or his designee, to execute, on behalf of the City, any documents necessary to effectuate the staff recommendation.

## **BACKGROUND:**

There currently exists an opportunity to utilize the development potential of two (2) adjacent properties in Pasadena to address the City’s critical need for affordable housing.

One of the properties, owned by the City, is located at 1015 and 1027 N. Lake Avenue (the “City Site”) and is currently operated as a commercial office building (14,872 sq. ft.) for small businesses and nonprofit organizations. The building is currently 35% vacant but generates net cash flow. The City acquired the property from the County of Los Angeles (the “County”) in 2018, subject to a restriction that the building be operated for nonprofit and government office use. The City is in compliance with the County’s use restriction which expires in 2028. To the extent that the subject recommendations are

approved by City Council, the City will request the County to reduce the use restriction term.

Located adjacent to and north of the City Site is property owned by Planned Parenthood Pasadena and San Gabriel Valley, Inc. ("Planned Parenthood") at 1037 and 1045 N. Lake Avenue (the "Planned Parenthood Site"). The organization will be relocating all program and administrative staff from this location to a new headquarters and flagship health center building in 2025. Planned Parenthood plans to sell the property by December 31, 2025, with the desire that it be developed with affordable housing.

Over the past several months, Department staff and Planned Parenthood representatives explored the unique opportunity for a joint effort to efficiently maximize the affordable housing potential of combining both sites (totaling approximately 1.70 acres). Multifamily residential development is permitted on the sites under the current zoning for Multi-Family housing and Mixed Use. The base density for the combined sites allows for the development of 55 housing units. With an 80% density bonus, the development of up to 100 units would be allowable. In June, 2024, Planned Parenthood informed the Department of their desire to collaborate with the City through a joint request for proposals ("RFP") process for the disposition of the respective properties and development of affordable housing.

### **Affordable Housing Exemption to Surplus Land Act; Request For Proposals**

The first step to implement the concept of making the City Site available for affordable housing development is to comply with state Government Code Sections 54220-54234 (the "Surplus Land Act").

The Surplus Land Act aims to connect developers who are interested in building more affordable homes on surplus local public land that is both available and suitable for housing development. Typically, local agencies are required to send notices about available, surplus local public land to the state Department of Housing and Community Development ("HCD"), and to developers who have notified HCD of their interest in developing affordable housing on surplus local public land. Prior to agreeing to terms to dispose of surplus property, local agencies must send to HCD for review a description of notices of availability sent, and negotiations conducted, in addition to a copy of any restrictions to be recorded against the property.

However, state law allows local agencies to declare surplus properties as "exempt surplus land" under Government Code Section 54221(f)(1)(F), which exempts such properties from the procedural noticing requirements described above. To qualify for this exemption, the surplus land must be developed with a housing project that restricts 100% of the residential units for low or moderate income households at affordable rents or sales prices, with at least 75% of the units restricted to lower income households. In addition, the exemption requires that the maximum rent level shall not be higher than 20 percent below the median market rents for the neighborhood in which the site is located.

For rental housing, the affordability restrictions are required to run with the land for at least 55 years. Accordingly, it is recommended that City Council adopt the Resolution (attached as Exhibit "A") declaring the City Site as exempt surplus land under the affordable housing exemption pursuant to Government Code Section 54221(f)(1)(F).

Upon Council adoption of the Resolution, staff will notify HCD and request approval of the affordable housing exemption to the Surplus Land Act. With HCD approval, the City and Planned Parenthood will proceed to prepare and jointly issue an RFP to solicit developer proposals for the disposition and development of the combined sites. It is anticipated that the sites have a development potential of up to 100 units consisting of studios, and one- and two-bedroom units which will serve individuals and small families (two to four people). The affordability mix of the units will be determined in part by the regulations of the Surplus Land Act, and the City's density bonus and inclusionary ordinance requirements.

Staff will return to City Council at a later date with a recommendation to approve the proposed terms of an affordable housing development transaction with the developer selected through the RFP.

**COUNCIL POLICY CONSIDERATION:**

The proposed action is consistent with the City's General Plan – Housing Element and the Five-Year Consolidated Plan. It also supports and promotes the quality of life and the local economy – a goal of the City Council's Strategic Plan.

**ENVIRONMENTAL ANALYSIS:**

The proposed actions to declare the property at 1015 and 1027 N. Lake Avenue as exempt surplus land do not constitute approval of any project. These recommended actions do not bind any party or commit to any definite course of action for the subject property, do not restrict the City from considering any feasible mitigation measures and alternatives for any potential future development of the subject property, and do not restrict the City from denying any potential future project proposed for the subject property. Therefore, the recommended actions do not constitute a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of California Public Resources Code and Sections 15004(b)(4) and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required.

The state CEQA Guidelines section 15004(b) states, "Choosing the precise time for CEQA compliance involves a balancing of competing factors. EIRs and negative declarations should be prepared as early as feasible in the planning process to enable environmental considerations to influence project program and design and yet late enough to provide meaningful information for environmental assessments."

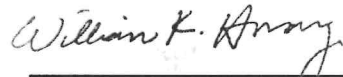
The recommended action in this report is a required step that will allow for the potential

future disposition and development of the subject properties but it does not commit the City to such action or to any specific project. At this time, the City has not selected or committed to any particular project or defined with the requisite specificity a project that could be evaluated for potential environmental impacts. Further, if a particular project is selected for development on the subject properties in the future, appropriate environmental review pursuant to CEQA will be conducted at an appropriate time, corresponding with associated discretionary City actions (minimally including agreements for the disposition of the land), and when the program and design of the project are known and any application(s) for necessary land use entitlements are requested by a developer.

**FISCAL IMPACT:**

Approval of the recommended action will have no impact to the General Fund.

Respectfully submitted,



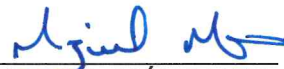
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Prepared by:



James Wong  
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Approved by:



MIGUEL MÁRQUEZ  
City Manager

Attachment: Resolution