



City of Rialto

Legislation Text

File #: 21-0789, **Version:** 1

For: Successor Agency Meeting [November 9, 2021]
TO: Honorable Chair and Board of the Successor Agency
FROM: Marcus Fuller, Executive Director

Request the Successor Agency to the Redevelopment Agency of the City of Rialto to Adopt **Resolution No. 03-21** Declaring that Certain 20,249 Square Feet Commercial Parcel Located at 119 N. Riverside Avenue Identified by Assessor's Parcel Number 0130-161-27 as Surplus Land and Directing the Executive Director to Follow the Procedures Set Forth in the Surplus Land Act, California Government Code Section 54220 et seq., as Amended on January 1, 2020, for the Sale of Surplus Land.

(ACTION)

BACKGROUND

In 1992 the Redevelopment Agency of the City of Rialto, (the "RDA"), purchased from the San Bernardino County Transportation Authority the former train station building and property located at 119 N. Riverside Avenue, identified by Assessor Parcel Number 0130-161-27, (the "Property"), for the purpose of utilizing the building for a restaurant. The Property is generally shown Figure 1 below (noted as "Successor Agency Parcel") and on Exhibit A to this staff report.

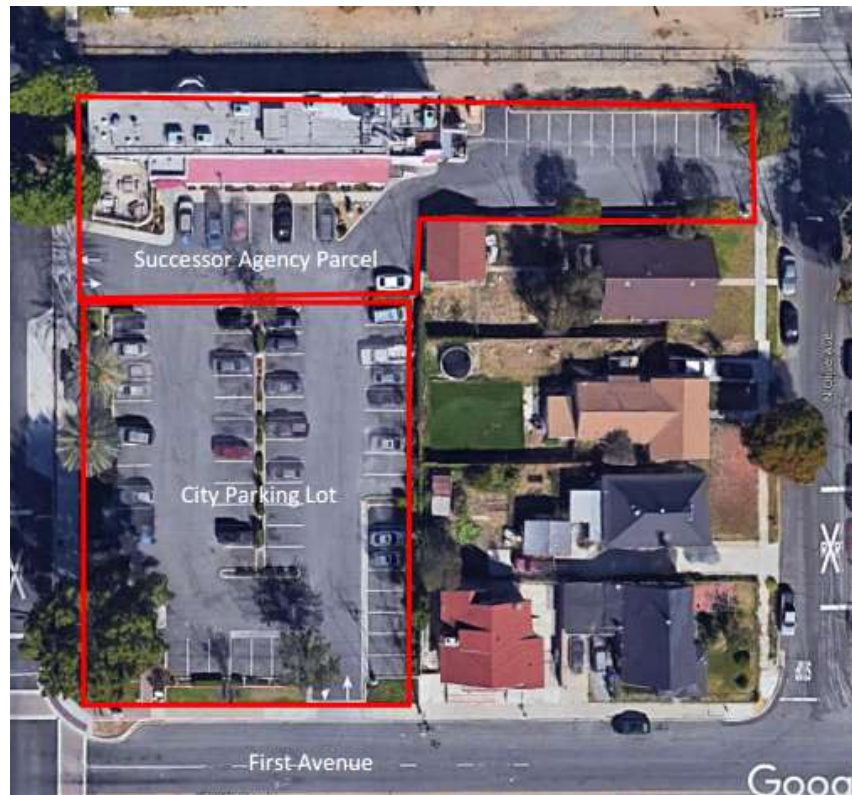


Figure 1

The City also acquired from the RDA the adjoining parking lot which is owned solely by the City and is to be retained as City property as a public parking lot and is not a part of this action.

On January 1, 2004, the RDA entered a Commercial Lease Agreement with Cuca's Mexican Restaurant, Inc., a California corporation, for the purposes of operating the Cuca's Mexican Restaurant on the Property, (the "Cuca's Lease"). The Cuca's Lease included an initial five-year term with three optional five-year extensions, with the extension requests subject to a sixty (60) day notification. The first two optional five-year extensions were exercised extending the term of the Cuca's Lease through December 31, 2018. The third optional five-year extension was not exercised and the Cuca's Lease thereafter reverted to a month-to-month tenancy in accordance with the terms thereof.

Pursuant to the dissolution of redevelopment agencies per Assembly Bill ("AB") ABX1 26 (Chapter 5, Statutes of 2011) and ABX1 27 (Chapter 6, Statutes of 2011), and subsequent legislation, AB 1484 (Chapter 26, Statutes of 2012) (altogether, "Dissolution Act"), the City of Rialto ("City") adopted Resolution No. 6057 on September 27, 2011, electing to serve as Successor Agency to the RDA (hereafter the "Successor Agency").

In accordance with the Dissolution Act, the Successor Agency prepared a Long-Range Property Management Plan (the "LRPMP") to identify all the assets held by the Successor Agency and their disposition in accordance with the Dissolution Act.

The Property was identified as "Project #16 - Cuca's Restaurant" in the LRPMP and was designated as a property to be liquidated for the benefit of the taxing entities pursuant to Section 34191.5(c)(2) (B) of the California Health and Safety Code, with the reference "to be sold at the end of the long-

term lease; to be offered first to the existing tenant.”

On August 12, 2016, the California Department of Finance approved the Successor Agency’s LRPMP.

ANALYSIS/DISCUSSION

The Cuca’s Lease has expired and remains on a month-to-month tenancy, and the provisions for the option to purchase the Property, and the Successor Agency’s agreement to offer a first right of refusal to the tenant to purchase the Property, have likewise expired.

It is now necessary to declare the Property as surplus land in accordance with the provisions of California Government Code section 54220 et seq (“Surplus Land Act”) and dispose of the Property pursuant to the LRPMP. To consider disposing of real property, the Successor Agency is required to comply with the “Surplus Land Act.”

Enacted in 1968, the Surplus Land Act requires all local agencies to prioritize affordable housing, as well as parks and open space, when disposing of surplus land. Before local agencies may dispose of surplus land, they are required to give notice to local public entities and organizations involved in affordable housing development. If a preferred entity expresses interest, the parties must enter into good faith negotiations to determine a sales price or lease terms. Assembly Bill 1486 brings clarity and improves enforcement of the Surplus Land Act to increase the supply of affordable housing.

According to the Surplus Land Act, surplus land must be put out to open, competitive bid by a local agency, provided all entities identified in subdivision (a) of Government Code Section 54222 will be invited to participate in the competitive bid process, for either of the following purposes:

1. A housing development, which may have ancillary commercial ground floor uses, that restricts 100 percent of the residential units to persons and families of low or moderate income, with at least 75 percent of the residential units restricted to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 or 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing, and in no event shall the maximum affordable sales price or rent level be higher than 20 percent below the median market rents or sales prices for the neighborhood in which the site is located.
2. A mixed-use development that is more than one acre in area, that includes not less than 300 housing units, and that restricts at least 25 percent of the residential units to lower income households, as defined in Section 50079.5 of the Health and Safety Code, with an affordable sales price or an affordable rent, as defined in Sections 50052.5 and 50053 of the Health and Safety Code, for a minimum of 55 years for rental housing and 45 years for ownership housing.

Pursuant to the Surplus Land Act, a written notice of availability of the availability of the Property must be provided for 60 days to the following entities:

- Any local public entity, as defined in Section 50079 of the Health and Safety Code, within whose jurisdiction the surplus land is located.

- Housing sponsors, as defined by Section 50074 of the Health and Safety Code, that have notified the Department of Housing and Community Development of their interest in surplus land shall be sent a notice of availability of surplus land for the purpose of developing low- and moderate-income housing.

The City is also required to notify the following entities:

- To any park or recreation department of the county within which the land is situated.
- To any regional park authority having jurisdiction within the area in which the land is situated.
- To the State Resources Agency or any agency that may succeed to its powers.
- A written notice of availability of land suitable for school facilities construction or use by a school district for open-space purposes shall be sent to any school district in whose jurisdiction the land is located.

This action is a first step in disposing of the Property and will allow the Successor Agency to issue a written notice of availability to those entities listed by statute and allow those entities to submit a notice of interest to purchase the Property. These entities include park or recreation departments of the county, or any regional park authority having jurisdiction and the State Resources Agency as well as affordable housing developers and school districts who may have an interest in the property.

After the 60-day notice period lapses, and without any notification of interest in the Property from these entities or agencies, the Successor Agency can proceed to negotiate the disposition of the Property with other interested parties.

The Executive Director has ordered an appraisal of the Property; any consideration in the disposal of the Property will ensure that it is sold at fair market value as determined by the Successor Agency Board.

ENVIRONMENTAL IMPACT:

The sale of the Property as surplus is exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15312 (Surplus Government Property Sales).

GENERAL PLAN CONSISTENCY:

This action is consistent with Guiding Principle 3A of the General Plan:

Our City government will lead by example, and will operate in an open, transparent, and responsive manner that meets the needs of the citizens and is a good place to do business.

LEGAL REVIEW:

The Successor Agency Council reviewed and approved this staff report and resolution.

FINANCIAL IMPACT:

Operating Budget Impact

As Successor Agency property, the Property once sold will be shared among all taxing entities within the tax rate area for the City of Rialto. Upon disposition of the Property the City will realize increased revenue based on its proportionate share of the net proceeds of the Property sold (approximately

13% of the overall proceeds).

Capital Improvement Budget Impact

None.

RECOMMENDATION:

Staff recommends that the Successor Agency adopt the proposed Resolution.