



MEETING DATE: 03/15/16
ITEM NO: 4

COUNCIL AGENDA REPORT

DATE: MARCH 3, 2016

TO: MAYOR AND TOWN COUNCIL

FROM: LAUREL PREVETTI, TOWN MANAGER

SUBJECT: ADOPT A RESOLUTION:

- A. DECLARING CERTAIN REAL PROPERTY ON DITTOS LANE, APN 529-29-034 SURPLUS TO THE NEEDS OF THE TOWN;
- B. DECLARING CERTAIN REAL PROPERTY ON WINCHESTER AVENUE AT LARK AVENUE, APN 424-31-055 SURPLUS TO THE NEEDS OF THE TOWN; AND
- C. DIRECTING STAFF TO CONDUCT NOTIFICATION REQUIREMENTS PURSUANT TO CALIFORNIA GOVERNMENT CODE §54222.
- D. DIRECTING STAFF TO EXPLORE OPPORTUNITIES FOR SALE OF THE PROPERTIES SUBSEQUENT TO COMPLETION OF THE REQUIRED NOTIFICATIONS.

RECOMMENDATION:

Adopt a resolution (Attachment 1):

1. Declaring certain real property on Dittos Lane, APN 529-29-034 (Exhibit 1 to Attachment 1) surplus to the needs of the Town;
2. Declaring certain real property on Winchester Avenue at Lark Avenue, APN 424-31-055 (Exhibit 2 to Attachment 1) surplus to the needs of the Town; and
3. Directing staff to conduct notification requirements pursuant to California Government Code §54222 for both properties.
4. Directing staff to explore opportunities for sale of the properties subsequent to completion of the required notifications.

BACKGROUND:

Dittos Lane

The former Los Gatos Redevelopment Agency (RDA) purchased the property at Dittos Lane in December 2009 for approximately \$3.8 million with funds that can only be used for affordable housing.

PREPARED BY: MATT MORLEY
Director of Parks and Public Works

Reviewed by: _____ Assistant Town Manager _____ Town Attorney _____ Finance

BACKGROUND (cont'd):

The RDA attempted to develop the property for that use and was ultimately unsuccessful in doing so. The property is currently restricted for affordable housing use as an RDA property and is scheduled to revert to the control of the State in 2017. If the property is sold, revenue from the sale of the property will result in all funds up to the \$3.8 million amount paid reverting to the Town's Successor Agency Low and Moderate Income Trust, restricting use to low and moderate housing expenses. Any additional revenue from the sale of the property above the \$3.8 million original purchase may be restricted as to its use. At this time the legal issue of the restriction of any excess funds, should there be any, remains undetermined. Staff's position remains that these funds would be diverted to the Town's General Fund, however a determination from the Department of Finance has not yet been made.

Winchester Avenue

The property on Winchester Avenue at the corner of Lark Avenue has been owned by the Town for many years, with Town records going back to the 1950's and 1960's. The parcel is currently separated into two lots with one lot occupied by County Fire in a long term lease that expires in the year 2036. The other lot has been vacant and is utilized on an ongoing basis by Goodwill for a donation drop-off station and for a Christmas tree lot and a pumpkin patch during the holidays.

California Government Code Requirements

Prior to offering a property for sale publicly, the California Government Code §54222 requires government agencies to offer properties for potential sale to specific entities, including:

- Housing providers for low or moderate income housing.
- Parks, recreation, and open space providers.
- School districts.
- Infill or transit village interests – not applicable in Los Gatos
- Enterprise zone interests – not applicable in Los Gatos

If there is interest by one of these entities, the Town would need to negotiate in good faith to sell the property. Entities must notify the Town of their interest within 60 days of receipt of notice. The Town could set the terms of any negotiation (price and other terms the Council may wish to consider) and the parties must then negotiate in good faith for a period of at least 90 days, at which point the property may be sold publicly if no deal has been reached.

DISCUSSION:

The Town has no identified municipal need for either the Dittos Lane or the Winchester properties. Identifying these properties as surplus and beginning the California Government Code §54222 process allows flexibility for the Town to explore the sale of these properties, without obligating the Town to sell the properties.

DISCUSSION (cont'd):

With Council approval, staff will begin the notification process per California Government Code §54222. If interest is expressed by the entities identified, staff will bring that information to the Council for review. Following the 60 day period, if no interest has been expressed, staff will pursue other alternatives for sale of the properties, with regular updates for the Council through the appropriate open session or closed session Council meetings.

Both of the properties have General Plan and Zoning designations that will allow for future development. Specifically, Dittos Lane has a General Plan designation of Medium Density Residential (5 to 12 units per acre) and a Zoning designation of RM:12-20, which are the same designations when the site supported three housing units. Winchester/Lark has a General Plan designation of Public and a Zoning designation of Office. Subsequent to any sale of these properties, each property would be subject to applicable development standards, including the General Plan, Zoning Code, and other applicable ordinances and policies.

CONCLUSION:

Staff recommends that the Council adopt a resolution:

1. Declaring certain real property on Dittos Lane, APN 529-29-034 surplus to the needs of the Town; and
2. Declaring certain real property on Winchester Avenue at Lark Avenue, APN 424-31-055 surplus to the needs of the Town; and
3. Directing staff to conduct notification requirements pursuant to California Government Code §54222 for both properties.
4. Directing staff to explore opportunities for sale of the properties subsequent to completion of the required notifications.

FISCAL IMPACT:

There is no fiscal impact from this action.

ENVIRONMENTAL ASSESSMENT:

This is not a project defined under CEQA, and no further action is required.

Attachments:

1. Resolution

RESOLUTION 2016-

**RESOLUTION OF THE TOWN OF LOS GATOS DECLARING REAL PROPERTY AT
14650 WINCHESTER BOULEVARD AND AT DITTOS LANE SURPLUS TO THE
NEEDS OF THE TOWN**

RESOLVED, by the Town Council of the Town of Los Gatos California, that:

WHEREAS, the Town of Los Gatos owns certain real property on Dittos Lane identified by assessor's parcel number (APN) 529-29-034 (Exhibit 1); and

WHEREAS, the Town of Los Gatos owns certain real property at 14650 Winchester Boulevard identified by APN 424-31-055 (Exhibit 2); and

WHEREAS, the Dittos Lane property and the Winchester Avenue property are no longer necessary for municipal use.

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. That the Dittos Lane Property be deemed surplus to the needs of the Town; and
2. That the Winchester Avenue property be deemed surplus to the needs of the Town; and
3. That Town staff conduct required notifications per California Government Code §54222; and
4. Staff undertake opportunities to sell the properties, bringing offers with terms to the Town Council for review as allowed by code.

PASSED AND ADOPTED at a regular meeting of the Town Council of the Town of Los Gatos held on the 15th day of March 2016, by the following vote:

COUNCIL MEMBERS:

AYES:

NAYS:

ABSENT:

ABSTAIN:

SIGNED:

MAYOR OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

ATTEST:

CLERK OF THE TOWN OF LOS GATOS
LOS GATOS, CALIFORNIA

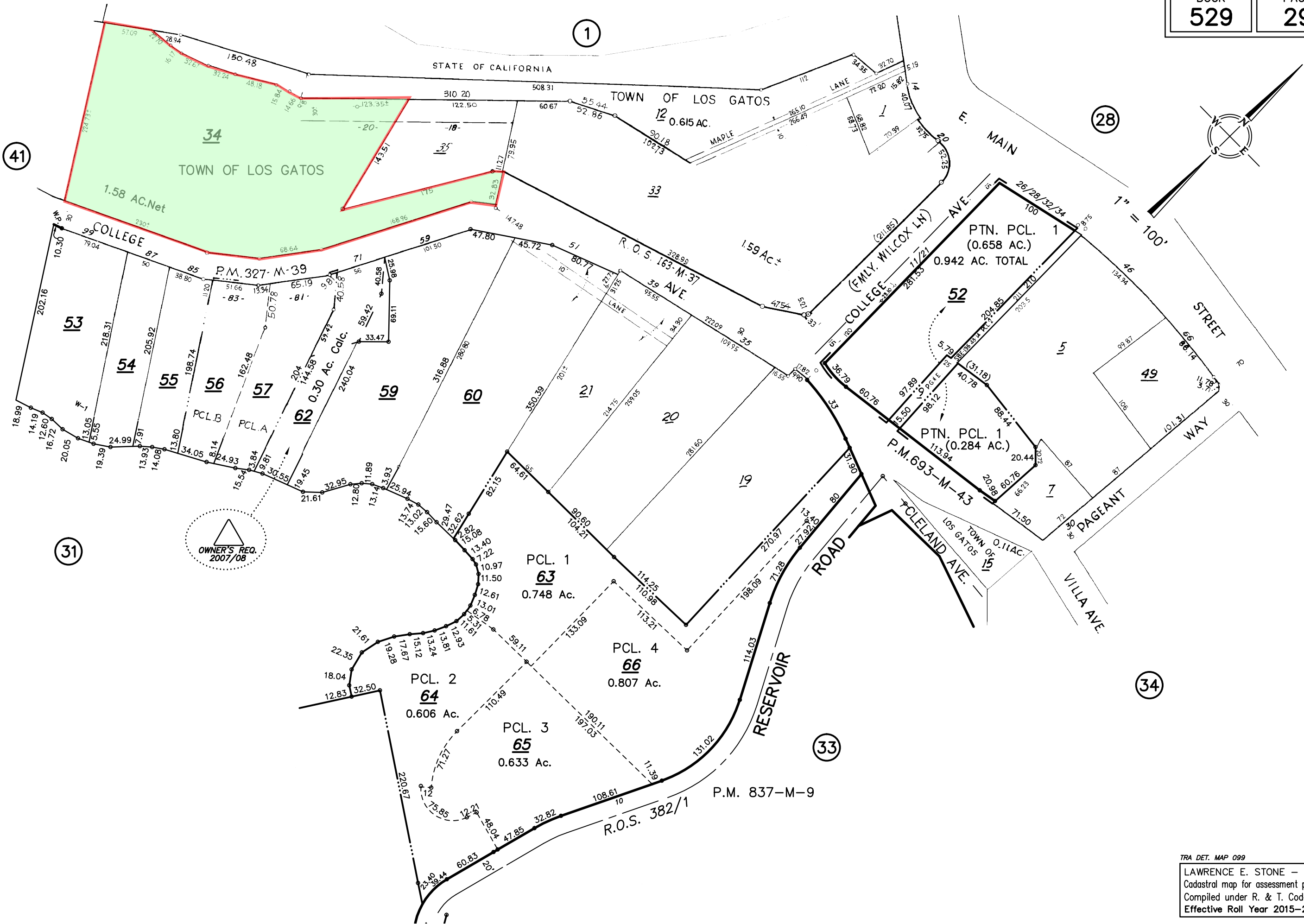


Exhibit 1

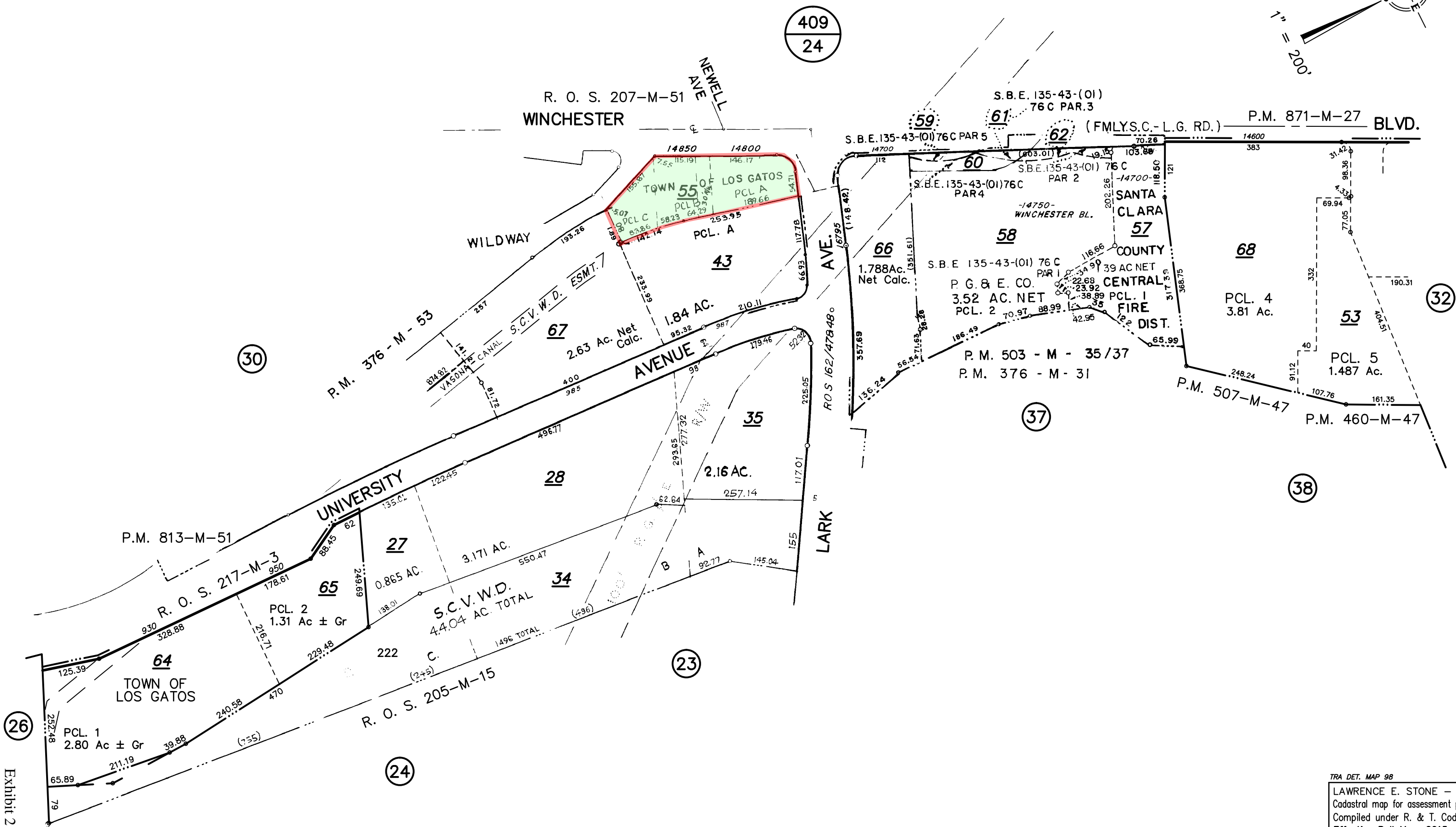
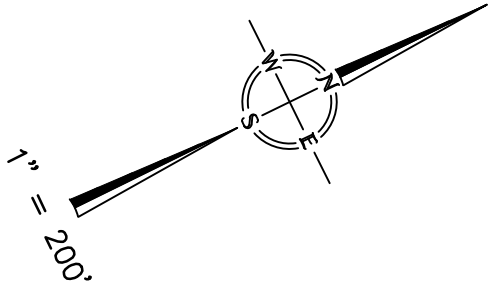


Exhibit 2