

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Scott C. Stiles	From:	Lisa L. Kim
Dept.:	City Manager	Dept.:	Community & Economic Development Department
Subject:	Report on the status of the Surplus Land Date: 12/8/2020 Act process for the Willowick Golf Course. (<i>Action Item</i>)		

OBJECTIVE

The purpose of this report is to communicate the receipt of three (3) offers from Housing Sponsors under the Surplus Land Act as amended by AB 1486; and to initiate good faith negotiations for the potential sale or lease of the approximately 100 acres of City-owned property located at 3017 W. 5th Street in Santa Ana, commonly referred to as the Willowick Golf Course ("Willowick").

BACKGROUND

The City has operated Willowick as a commercial golf course site since its acquisition in 1964. During the City's ownership of Willowick, the revenue generated by the golf course and ancillary operations has been utilized to pay bonds issued to purchase Willowick, to operate the golf course, and to help fund City services to Garden Grove residents. However, the revenue generated by Willowick has been declining in recent years and redevelopment of Willowick was initiated to explore potential long-term economic sustainability for the City.

Effective January 1, 2020, the Surplus Land Act ("SLA") as amended by AB 1486 includes, among other requirements, changing the existing, long-standing definition of "surplus land"; providing that land shall be declared either "surplus land" or "exempt surplus land" before a local agency may take any action to sell or lease land; and, adding a new limitation providing that an "agency's use" "shall not include commercial or industrial uses or activities, including nongovernmental retail, entertainment, or office development," or "property disposed of for the sole purpose of investment or generation or revenue." The new AB 1486 legislation further added provisions prohibiting the City from negotiating any disposition of the property prior to compliance with the procedural requirements of the SLA.

DISCUSSION

Pursuant to the SLA for purposes of considering negotiations of the sale or lease of the land, the City approved Resolution No. 9610-20 declaring Willowick surplus land at its January 25, 2020 meeting. (See Attachment 1)

On March 12, 2020, in compliance with the Surplus Land Act, the City sent a written Notice of Availability (See Attachment 2) of Willowick by electronic mail and by certified mail to all of the entities identified in Government Code Section 54222, which include local public entities and housing sponsors that have notified the California Department of Housing and Community Development (HCD) of their interest in surplus land for the purpose of developing low- and moderate-income housing, to the City of Santa Ana, County of Orange, any regional park authority and the State Resources Agency for open-space purposes; and to the local school district for school facilities or use. The notice required responses of interest due by May 11, 2020. The notice further stated that the City preferred a long-term lease of the land. The summary of the SLA process to date is provided below.

Timeline	Activity	Description
January 25, 2020	Approval of Reso. No. 9610-20	City declared Willowick surplus land
March 12, 2020	Notice of Availability	Notification to entities pursuant to Government Code Section 54222
April 30, 2020	60-day Extension to Notice of Availability	60-day extension to July 10, 2020 due to COVID pandemic
On or before July 10, 2020	Notice of Interest	Ten (10) Housing Sponsors responded
On or before	Request for Initial	Four (4) Housing Sponsors

August 21, 2020	Proposal(s)	responded
On or before October 28, 2020	Supplemental Information to Initial Proposal(s)	Three (3) Housing Sponsors responded

As summarized above, the City issued a formal written notice on April 30, 2020 to advise all interested parties of a 60-day extension, extending the deadline to submit responses of interest from May 11, 2020 to July 10, 2020 due to the COVID-19 pandemic. Formal requests for the initial proposals and supplemental information was conducted and determined the following three (3) Housing Sponsors are proposing to develop affordable housing as part of their proposals and should be negotiated concurrently:

- Willowick Community Partners (City Ventures, Jamboree Housing, and Primestor);
- The Trust for Public Land, State Coastal Conservancy and Clifford Beers Housing; and,
- McWhinney Land LLC and Wakeland Housing.

A comprehensive website has been developed to provide information about the City's SLA process, Housing Sponsor responses, and proposals for Willowick. A link to the City's website is available at www.ggcity.org/sla.

Pursuant to the Surplus Land Act, Government Code Section 54227(a), a local agency may negotiate concurrently with all entities that provide Notice of Interest for the purpose of developing affordable housing that meets the requirement of Section 54222.5. Furthermore, Section 54223(a) requires the parties to engage in good faith negotiations to determine a mutually satisfactory sales price and terms or lease terms for a period of not less than 90 days.

The SLA provides that if the City receives a Notice of Interest to purchase or lease the land from more than one housing sponsor, the City must give first priority to the entity or entities that agree to use the site to provide for the most affordable housing units that meets the requirements of Government Code Section 54222.5 described as follows:

1. Not less than 25 percent of the total number of units developed (which number includes density bonus units) shall be affordable housing.
2. If more than one entity proposes the same number of units that meet the requirements of Government Code Section 54222.5, priority shall be given to the entity that proposes the deepest average level of affordability for the affordable units. In the event that more than one entity proposes the same number of units that meet the requirements of Section 54222.5, priority shall be given to the entity that proposes the deepest average level of affordability for the affordable units.

FINANCIAL IMPACT

The price and terms of a future lease or sale of Willowick will be negotiated during the good faith negotiations and will be determined at a later date.

RECOMMENDATION

It is recommended that the City Council:

- Authorize the City Manager or his designee(s) to commence the 90-day good faith negotiation process with the three (3) Housing Sponsors concurrently for the potential sale or lease of Willowick.

ATTACHMENTS:

Description	Upload Date	Type	File Name
Resolution No. 9610-20 declaring Willowick surplus land at its January 25, 2020 meeting.	11/30/2020	Cover Memo	9610-20_Resolution_Declaring_Willowick_Surplus_Land_under_SLA-2.pdf
Attachment 2. Surplus Land Act Notice of Availability	11/30/2020	Cover Memo	03122020_Notice_of_Availability_of_Surplus_Land_per_Govt._Code_54220__et_seq.__(Willowick).pdf