



## **CITY COUNCIL AGENDA REPORT**

**MEETING DATE:** 8/16/2022

**DEPARTMENT:** City Manager

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### **SUBJECT:**

A PUBLIC HEARING PURSUANT TO HEALTH AND SAFETY CODE SECTION 34312.3 REGARDING THE PURCHASE OF LAND GENERALLY LOCATED NORTH OF EL TORO RD., AND SOUTH OF JERONIMO RD., IN THE CITY OF LAKE FOREST, CALIFORNIA, COUNTY OF ORANGE (APN: 614-021-31) AND CONSIDERATION OF THE RELATED PURCHASE VIA CERTIFICATE OF ACCEPTANCE, AND TAKING RELATED ACTIONS BETWEEN THE LAKE FOREST HOUSING AUTHORITY AND THE CITY OF LAKE FOREST

### **RECOMMENDED ACTION(S):**

1. Conduct the Public Hearing.
  2. Acting as the City Council, adopt a Resolution Entitled: A RESOLUTION OF THE CITY OF LAKE FOREST AUTHORIZING APPROVAL OF THE PURCHASE OF THAT CERTAIN PROPERTY NORTH OF EL TORO RD., AND SOUTH OF JERONIMO RD., (APN: 614-021-31) AND ACCEPTING THE PROPERTY FROM THE HOUSING AUTHORITY VIA CERTIFICATE OF ACCEPTANCE, AND TAKING RELATED ACTIONS.
  3. Acting as the City Council, adopt a Resolution Entitled: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE FOREST, CALIFORNIA, AMENDING THE 2021-2023 OPERATING BUDGET; AMENDING APPROPRIATIONS FOR FISCAL YEAR 2022-23.
  4. Find that the foregoing action is exempt from environmental review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines (Cal. Code. Regs. Title 14) Section 15312, which applies to the declaration and sale of surplus government property.
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### **EXECUTIVE SUMMARY:**

The Lake Forest Housing Authority ("Authority") owns and controls a 0.16-acre parcel of real property located northwest of El Toro Rd., and Southwest of Jeronimo Rd., (the "Site"). The former Lake Forest Redevelopment Agency ("Agency") purchased the nearly 7,000 square feet tax-defaulted vacant property

prior to its dissolution from the County of Orange using available funds, and subsequently transferred the title of the property to the Authority.

Pursuant to State law regulating the dissolution of Redevelopment Agencies and governing the activities of Successor Agencies, the Authority has until September 2022 to develop or dispose of any remaining real property assets inherited from the Agency. Pending approval of the sale of the property, sales proceeds will be deposited into the Housing Asset Fund for potential future affordable housing development.

Staff is recommending the City Council approve the purchase of the Property from the Authority via Quitclaim Deed (“the Quitclaim Deed”) and by Certificate of Acceptance; and authorize the City Manager or her designee to transfer the purchase price of \$310,000 from the City’s General Fund balance to the Authority’s Housing Asset Fund; and record it in the Official Records of Orange County (Attachment 1). In addition, staff recommends approval of the attached Resolution amending the 2021-2023 Operating Budget, amending appropriations and revenues for Fiscal Year 2022-2023 (Attachment 2).

The City Attorney’s office drafted the resolution authorizing approval of the purchase and accepting the property from the Housing Authority via Certificate of Acceptance and taking related actions. As mandated by Affordable Housing Law, all sale proceeds would be used for the provision of affordable housing.

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## **BACKGROUND:**

### Agency Acquisition

Prior to its dissolution pursuant to State Law, the former Agency acquired the approximate 7,000 square foot parcel of vacant land in a tax default sale initiated by the Orange County Tax Collector. The parcel was acquired to remedy the visual blight formerly associated with the site (weeds and overgrown vegetation). The Site is located north of El Toro Rd., and east of Jeronimo Rd., adjacent to the Forest Glenn Apartment Community. Exhibit 1 below depicts the Site.

## Exhibit 1: The Site:



### Successor Agency Requirement

In 2012, the State of California dissolved redevelopment agencies under Assembly Bill X1 26 and its subsequent amendment, Assembly Bill 1484. This legislation required, among other provisions that, upon approval by the California Department of Finance ("DOF"), redevelopment housing assets could be transferred to a Successor Housing Entity. On January 17, 2012, the City Council approved the transfer of the housing functions of the former Agency to the Authority.

The DOF approved the asset transfer from the Agency to the Authority on September 5, 2012. Based on Successor Agency Housing Law, Section 33334.16 of the California Health and Safety Code, the Authority could extend the terms for disposition through a resolution adopted by the Authority Board. On August 15, 2017, the Authority Board approved a resolution which extended the deadline for the development or disposition of assets by five years. On September 4, 2017, the State granted the extension of five years from the approval date to dispose of or develop the asset for affordable housing purposes.

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## **DISCUSSION:**

In 2010, the parcel was acquired by the Agency in a tax default sale initiated by the Orange County Tax Collector. The Agency paid approximately \$4,900 for the parcel (amount of back taxes) and incurred another approximately \$1,000 in processing costs paid to the OC Tax Collector. The site is landlocked and does not have access from the public right-of-way. The parcel was a continual source of weeds and debris requiring code enforcement action. This was a concern to the City given the parcel's visibility from El Toro Road. In 2012, the parcel was transferred from the Agency to the Housing Authority.

The Housing Authority does not currently have a need for the Site. Subsequently, staff is recommending that the Housing Authority sell the Site to the City of Lake Forest to maintain compliance with Successor Agency Housing Law and facilitate the property's potential future development. Such development will ideally eliminate blight and complement existing nearby land uses. To effectuate an eventual sale or lease of the Site, the City must comply with the California Surplus Land Act (the "Act") as set forth below.

### Health & Safety Code section 34312.3(b) and the Surplus Land Act

The Housing Authority Law, as codified in California Health & Safety Code section 34312.3 states that a housing authority "may sell real property without the "need [to] comply with any law concerning the disposition of surplus properties," including the SLA, "[s]o long as the proceeds of any sale..., net the cost of sale, [will] be used directly to assist a housing project... for reasons of low income, and the funds in any trust fund... are used directly to assist housing units for persons of very low income." Here, the sale of the Property and application of net proceeds will comply with this section. Therefore, the SLA shall not apply. For the sake of completeness, however, even if the SLA did apply, the Property would be exempt.

The SLA requires all local agencies (including housing authorities) to prioritize affordable housing, as well as parks and open space, when disposing of surplus land. The act requires that before a local agency takes any action to sell or lease

the land, the land must be declared either “surplus land” or “exempt surplus land,” as supported by written findings. Recent legislation has created additional steps the City must follow prior to selling land and has given the California Department of Housing and Community Development (“HCD”) enhanced enforcement powers.

“Surplus land” means land owned by a local agency for which the local agency’s governing body takes formal action in a regular public meeting declaring that the land is surplus and is not necessary for the agency’s use. “[E]xempt surplus land” is land that falls under one the Act’s 11 exemptions. Here, assuming the SLA applies, staff is recommending that the Council declare the Site “exempt surplus land” pursuant to California Government Code subdivision 54221(f)(1)(D). The sale of surplus property to a local agency is deemed exempt Surplus Land and exempt from the noticing requirements of the Act.

Upon the City’s determination that the Site is non-exempt surplus land, the property meets the requirements under Section 54221(f)(1) and the disposition is not subject to additional requirements under the Act.

### Appraisal

In May 2022, an appraisal of the Site was conducted. The Appraisal Report complies with the reporting requirements as set forth under the Uniform Standards of Professional Appraisal Practice. The Report outlines the considerations used to determine the opinion of value, such as a regional analysis, social and economic environments, immediate market analysis, and more. It also includes descriptions of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of the highest and best use. It was determined the market value of the Fee Simple Estate of the Site is \$310,000.

### Certificate of Acceptance

The City Attorney’s Office prepared the resolution authorizing approval of the purchase and accepting the property from the Housing Authority via Certificate of Acceptance. The City Council’s approval of the resolution does not constitute its approval of any development of the property, or other activity on the property, which would have a direct or reasonably foreseeable indirect environmental impact pursuant to the California Environmental Quality Act (“CEQA”).

### Budget Resolution

The proposed City Council budget resolution would amend the 2021-2023 Operating Budget by \$310,000. This adjustment would cover the cost of purchasing the property from the Authority. Staff recommends the City Council

approve the attached resolution amending the General Fund operating expenditures and amending revenues in the Housing Authority for Fiscal Year 2022-23 of the 2021-2023 Operating Budget (Attachment 2).

### Environmental Impact

The action is exempt from environmental review under CEQA pursuant to State CEQA Guidelines (Cal. Code. Regs. Title 14) Section 15312, which applies to the declaration and sale of surplus government property. If and when the Site is sold to a purchaser and that purchaser proposes a use for the Site that requires a discretionary permit and CEQA review, that future use and project will be analyzed at the appropriate time in accordance with CEQA

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### **FISCAL IMPACT:**

The Fiscal impact of the recommended action is the acquisition of the parcel described in the attached resolution and Certificate of Acceptance from the Lake Forest Housing Authority and an amendment to the 2021-2023 Operating Budget in the amount of \$310,000.

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### **ATTACHMENTS:**

1. Resolution Approving the Purchase via Certificate of Acceptance
2. Budget Adjustment Fiscal Year 2022-23 of the 2021-2023 Operating Budget

Initiated By: Adrian Grijalva, Senior Management Analyst  
Submitted By: Keith Neves, Assistant City Manager  
Approved By: Debra Rose, City Manager