



Agenda Report

22-1256

Agenda Date: 11/1/2022

REPORT TO COUNCIL

SUBJECT

Action on a Written Petition (030) Related to the Possibility of Acquiring 1601 Civic Center Drive for the Purpose of Establishing a City Park

COUNCIL PILLAR

Enhance Community Sports, Recreational and Arts Assets

BACKGROUND

On October 7, 2021, the City received a written petition on behalf of four homeowner associations (Civic Center Village, Civic Center, Boulevard and Park Vista) requesting that the City purchase the parcel located at 1601 Civic Center Drive for the purpose of establishing a City park. Action on the petition was referred to the February 2022 Council Priority Setting Session which was subsequently cancelled. On September 16, 2022, Council directed staff to provide a response to the written petition on, or before, the November 1, 2022 City Council meeting. This report has been prepared to provide the City Council with a summary of the residents' concerns, to transmit an offer letter from Charities Housing and to provide background information related to the feasibility of site acquisition by the City.

DISCUSSION

Written Petition

Staff met with representatives from the neighborhood, (Mr. Shafieri and Mr. Sinai), to discuss their written petition (Attachment #1). To ensure an accurate accounting of their concerns, a summary of that meeting was provided to the representatives who have asked that their input be provided in the staff report as follows:

1. Residents are concerned about the impact of area-wide density and development on the quality of life in their already congested neighborhood. During the past four decades, parks and amenities have not kept pace with the growth in density in the neighborhood. Future growth from the El Camino Real Corridor will spill over into the neighborhood.
2. Residents do not oppose affordable housing in principle but view the current proposed dense housing project as not a good fit for the neighborhood and as adding to issues of density, traffic problems and view the park as a "last and best" opportunity [site] to address the quality of life issues in the immediate neighborhood.
3. Residents desire safe, clean, accessible (walkable) community services that their families can access and enjoy (library services, new playground equipment, a place to gather).
4. Residents do not view Charities Housing as trustworthy, good neighbors, or accountable. They

were not, and have not been, responsive to neighbor's concerns.

5. The park would serve as a Community Hub, with potentially a community garden, composting station, community room, playground for children, learning center close to the Title 1 School at Scott Lane, library resource, walkways, and plants, amongst others.
6. Our neighborhood has taken the initiative to explore significant outside sources of funding.

Site Acquisition

The property located at 1601 Civic Center Drive is owned by Charities Housing. The property was purchased from a private party in January 2020 for \$12.5 million. Currently, the site contains a vacant, two-story commercial building and associated parking and is zoned community commercial.

In alignment with their mission to develop, own and manage affordable housing, Charities Housing intends to develop this property as an affordable housing project of 108 apartments, with 106 units affordable to families earning between 30% and 50% of area median income. These units will remain affordable for a minimum of 55 years. The remaining two apartments will be reserved for onsite staff.

City staff contacted Charities Housing to determine their interest in selling the property. Charities Housing indicated that they would prefer not to sell the property since finding and purchasing an ideal site for affordable housing is difficult and time-consuming. However, in the interest of cooperation, Charities Housing indicated they would be willing to sell the property under the following terms and conditions:

1. A purchase price of \$18.9 million. This would allow Charities Housing to recoup the cost of the land and expenses incurred to date including approximately three years of staff time that has been spent on the project.
2. The City provide an appropriate, alternative site. To be considered appropriate, the alternative site should be consistent with the City's general plan and/or zoning to allow for expedited entitlements, be affordable on a per unit basis for the land and have similar neighborhood amenities such that the site is in proximity to public transportation, schools, retail (including a grocery store), pharmacy, parks and medical facilities.
3. Should the City be able to meet these terms and conditions, Charities Housing would also require that they be part of the site selection process.

A letter from Charities Housing outlining these terms and conditions is enclosed as Attachment #2. The City has been authorized by Charities Housing to make their letter public.

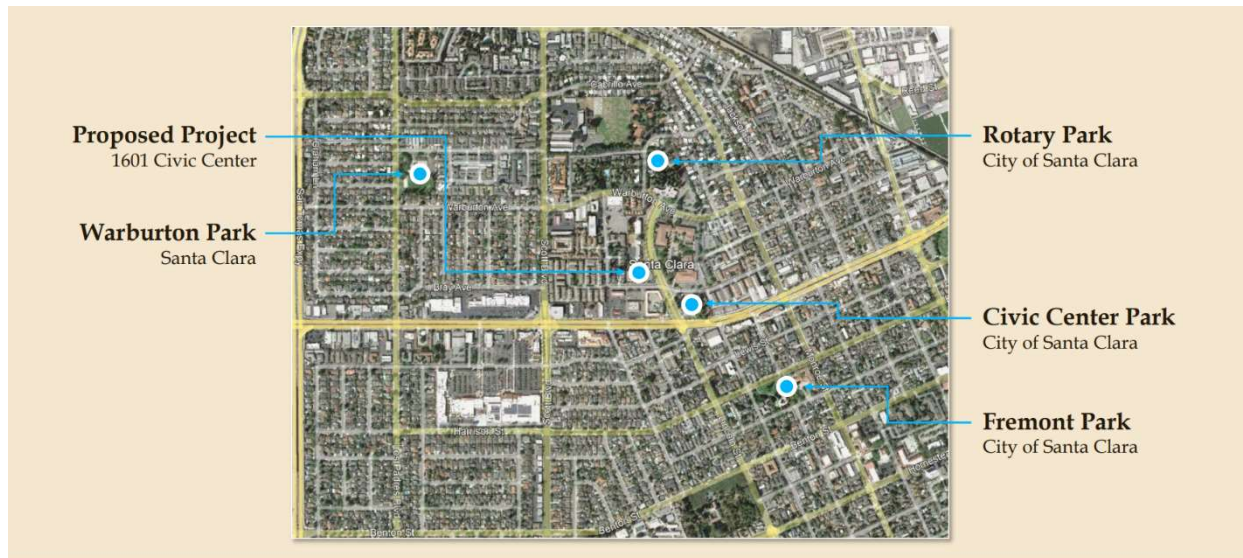
Acquisition Considerations

The City's current park standard is 2.6 - 3.0 acres of developed parkland per 1,000 residents in accordance with the provisions of the State of California's Quimby Act and Mitigation Fee Act.

In the area of 1601 Civic Center Drive, park acreage is currently 1.2 acres per 1,000 residents according to the Community Fact Finder on the State of California Department of Parks and Recreation website.

While the 1601 Civic Center Drive neighborhood has less than City standard park acreage, there are other neighborhoods throughout the City of Santa Clara that also have less than the City standard park acreage.

In the general vicinity of 1601 Civic Center Drive, there are two neighborhood parks, two mini-parks and public open space in the illustration below:



In addition to this parkland, the City recently added the 9.04 acre Reed & Grant Sports Park, a community recreational facility with soccer fields, a multi-use purpose building, playground and renovated the Raymond G. Gamma Dog Park (1.72 acres) on the corner of Lafayette Blvd. and Reed Streets. While technically not considered park land, the City Hall complex and the Triton Museum also provide opportunities for community gathering and engagement.

Should the City Council wish to purchase the 1601 Civic Center Drive site from Charities Housing, sources of funding could include:

1. Quimby Act and Mitigation Fee Act Park In-Lieu Fees
 - The balance of unallocated park in-lieu fees is approximately \$23.3 million. However, use of these fees is subject to findings and a nexus requirement whereby the use of those fees for acquisition and development of parkland and recreational facilities must benefit the residents of the project that generated the fees. The FY 2022/23 and FY 2023/24 Adopted Biennial Capital Budget included a priority list of projects to be funded by Quimby Act and Mitigation Fee Act revenues.
2. Dwelling Unit Tax Revenues (\$97,000)
3. Developer Contributions (unrestricted) (\$266,000)
4. General Fund Land Sale Reserve (\$7.3 million)
5. General Fund Budget Stabilization Reserve (\$40.4 million); set at 15% of General Fund expenditures in the FY 2022/23 Adopted Budget

While the Council may consider use of the Land Sale or Budget Stabilization reserves, these two reserves have been critical to the City's budget balancing strategy over the past three years with combined contributions of approximately \$50.6 million. Given the City's ongoing structural deficit, these reserves will continue to play a critical role in the City's overall budget balancing strategy and consequently, are not recommended for this acquisition.

A review of City-owned parcels indicates that the City does not have a site in its inventory with the attributes identified by Charities Housing. Consequently, the City cannot meet the second condition of the Charities Housing proposal.

Conclusion

The area surrounding 1601 Civic Center Drive has less than the City standard parkland acreage at the current time. While Charities Housing has indicated a willingness to sell the property to the City, the cost to acquire the site through a cooperative agreement with Charities Housing is significant. Moreover, there are many competing unfunded needs throughout the City. In the future, should a plan and funding be available for the redevelopment of the current City Hall site, any residential development would be subject to the City parkland dedication requirements. The dedication of land and/or fees in lieu of parkland dedication at that time would be a more appropriate strategy to address the need for parkland in the Civic Center area.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(5) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment

FISCAL IMPACT

The cost to acquire this site would be a minimum of \$18.9 million, plus an unknown amount to provide an appropriate, alternative site and the cost of an appraisal. Should the site be acquired, additional funding would be needed to develop the site as a park. Given the desired amenities identified by the residents, the cost of that park development would be significant.

COORDINATION

This report has been coordinated with the Parks and Recreation Department, the Finance Department and City Manager/City Attorney's Offices.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Note and file report.

Reviewed by: Cynthia Bojorquez, Assistant City Manager
Approved by: Rajeev Batra, City Manager

ATTACHMENTS

1. Written Petition
2. Letter from Charities Housing