



June 11, 2018

Mayor Darrell Steinberg
915 I Street
Sacramento, CA 95814

Inquiries into the Adherence to the Surplus Land Statute

Dear Mayor Darrell Steinberg,

The Environmental Council of Sacramento (ECOS) and Sacramento Housing Alliance (SHA) are writing to inquire as to the City of Sacramento's efforts to fully comply with the Surplus Land Statute, as amended by AB 2135 (Ting, Statutes of 2014)¹, which requires prioritizing surplus government land for affordable housing. In short, the law requires all public agencies to offer surplus land to "housing sponsors" – that is, affordable housing developers --provided said developers have written and requested to be notified, and, should those sponsors express interest, enter into good faith negotiations for 90 days (Gov. Code, §§ 54222, 54223). Only if a compromise cannot be reached can the city sell it on the open market. **We are proud to see that as our representative in the California State Senate, you voted in favor of AB 2135, which added important changes to the Surplus Land Act in 2014.**

We are prompted to offer this reminder of the Surplus Land Act because of concerning trends in the sale of city properties. Reviewing recent sales of seven city owned lots, only one was sold to an affordable housing non-profit (City of Refuge, who plans to build a homeless shelter for women and children on the land). The other six were sold to for-profit entities. Most alarming is the case of 4722 9th Ave and 4601-4625 10th Ave, where **the city rejected a proposal to build 130-195 affordable rental units** in favor of market rate apartments.

We are requesting city officials be particularly mindful of a few key provisions in the Surplus Land Statute.

1. Prioritize proposals that make at least 25% of the housing units affordable to low income households.

"An entity proposing to use the surplus land for developing low- and moderate-income housing shall agree to make available not less than 25 percent of the total number of units developed on the parcels at affordable housing cost, as defined in Section 50052.5 of the Health and Safety Code, or affordable rent, as defined in Section 50053 of the Health and Safety Code, to lower income households, as defined in Section 50079.5 of the Health and Safety Code."²

2. Give priority to the proposal with the most affordable units at the most affordable level

"If the local agency receives offers from more than one entity that agrees to meet the requirements of Section 54222.5 [25% of units need to be affordable], then the local agency shall give priority to the entity that proposes to provide the **greatest number of units that meet the requirements** of Section 54222.5 at the deepest level of affordability."³ [Emphasis added.]

3. Enforce the inclusionary requirement tied to the sale or lease of surplus land

¹ Cal. Gov. Code sections 54220 et seq.

² *Id.* at § 54222.5

³ *Id.* at § 54227. (a)

The Surplus Land Act also states that if an affordable housing developer and the city cannot agree on price, AND, if the developer who ultimately purchases or leases the parcel builds 10 or more units, at least “15 percent of the total number of units developed on the parcels at affordable housing cost...or affordable rent...to lower income households”⁴

Please note: The inclusionary requirement is a condition of the sale of the land. It is independent from the City of Sacramento’s Mixed Income Housing Ordinance passed in 2015.

As a result, we respectfully request information about how the City will comply with the mandatory 15% inclusionary requirement for the 4722 9th Avenue and 4601-4625 10th Avenue property and all other properties where the requirement is invoked.

4. The City of Sacramento can sell or lease the land at a discount to affordable housing developers.

ECOS and SHA would like to remind the City of Sacramento - particularly the Economic Development Department - that public agencies are explicitly allowed to sell or lease the surplus land at a “less than fair market value to facilitate the creation of affordable housing near transit.”⁵ **ECOS and SHA strongly encourage the City of Sacramento to donate land to affordable housing developers to meet our region’s affordable housing and environmental goals.**

In conclusion, **the City of Sacramento and its leaders have the tools to help solve the affordable housing crisis and protect our residents from displacement, homelessness, and poverty. Please use them.** We look forward to your response, describing the City’s efforts to comply with the law, the processes put in place to ensure compliance, as well as publicize and vigorously use the Statute.

Sincerely,



Ralph Propper
President
Environmental Council of Sacramento (ECOS)



Veronica Beaty
Policy Director
Sacramento Housing Alliance

⁴ *Id.* at § 54233.

⁵ *Id.* at § 54220 (c)