

CITY COUNCIL ACTION REQUEST

DEPARTMENT(S) City Manager's Office of Economic Development and Cultural Affairs	CEQA Categorically Exempt, File No. ER25-234, CEQA Guidelines Section 15312, Surplus Government Property Sales.	COORDINATION City Attorney's Office, City Manager's Budget Office, and the Departments of Housing, Parks, Recreation, and Neighborhood Services, Planning, Building, and Code Enforcement, Public Works, and Transportation.	Director Approval  Jen Baker
COUNCIL DISTRICT(S) 6			CMO Approval  11/4/25

SUBJECT: Designation as Surplus Land and Sale Agreement of APN 264-43-078

RECOMMENDATION

Adopt a resolution:

- (a) Declaring, and making the requisite findings based on this memorandum, the property described as APN 264-43-078 as "surplus real property" pursuant to San José Municipal Code Section 4.20.010(L) and "surplus land" under California Government Code Section 54221(b)(1) as the property is surplus to the needs of the City and is not necessary for the City's use; and
- (b) Authorizing the City Manager, or her designee, to negotiate and execute a Purchase and Sale Agreement and Quitclaim Deed, and all other necessary documents to effectuate the property transfer to 288SOLD Realty Inc. from the City of San José, for the sale of APN 264-43-078 for the consideration of \$1,486,250, subject to \$36,250 payment for commission to the buyer's broker, pursuant to San José Municipal Code Section 4.20.020 and in accordance with City Council Policy No. 7-13, and subject to a restrictive affordability covenant.

BASIS FOR RECOMMENDATION

The City-owned property known as APN 264-43-078 (Property) is 24,079 square feet (0.55 acres) and is vacant land adjacent to railroad tracks (see Attachment - Property Description). A 20,721 square foot portion of the Property is buildable, due to constraints imposed by a steep slope on the eastern side fronting Bird Avenue. The Property is bounded by Bird Avenue to the east, residential homes to the west and to the south, and railroad tracks to the north. There is a sewer bypassing the eastern portion of the Property, and there is no dedicated vehicular street access due to the steep slope along Bird Avenue. There is a gate for access via the railroad tracks.

The City Council previously declared the Property surplus to the City's needs in 2009, under Resolution 74994, and authorized the City Manager, or her designee, to dispose of the Property by sale or lease. At the time, the City entered into a contract to sell the Property for \$255,000, but this sale was not completed. Now that the requirements of the state Surplus Lands Act have changed, the City Council must again designate the Property as surplus to the needs of the City prior to disposition. The California Department of Housing and Community Development, pursuant to California Government Code Section 54222, requires that the City provide a written "Notice of Availability" to affordable housing developers, park and recreation departments and authorities,

school districts, and for in-fill opportunity zones to local government agencies. The Property was noticed in writing as required and was subject to a specified affordability covenant, and City staff received an offer pursuant to the notice and entered into good faith negotiations with the respondent. During negotiations with the respondent, they agreed to raise their purchase price to meet the fair market value indicated in a property appraisal prepared for the City by Valbridge Property Advisors. Accordingly, staff recommends sale to the respondent, 288SOLD Realty Inc. The City also received another offer for a lower amount from an interested developer that was not included on the California Department of Housing and Community Development's notice list.

After the sale, 288SOLD Realty Inc. intends to begin the process of developing housing on the Property. Any potential future development will be subject to California Environmental Quality Act review. As a notice condition of the sale, the City will encumber the Property with an affordability deed restriction ensuring that a minimum of 25% of the units developed will be affordable to income profiles consistent with the state's Surplus Land Act requirements. Consistent with Surplus Land Act requirements, the affordable units must be of equal quality and construction to the market-rate units, and the covenant will remain in effect for 55 years if the housing is used as rental property and 45 years if the housing is for-sale.

Staff analysis indicates that there is no City use for the subject Property and that the location is not identified for any future projects or desired by any other departments. The Property requires maintenance to deter against trespassing, and these management challenges are an ongoing source of costs and liability. Declaring the subject Property as surplus land under California Government Code §54221 conforms to San José Municipal Code Section 4.20.030 as well as City Council Policy No. 7-13 because of its "surplus land" designation and as it is not required for a City purpose and will be sold pursuant to the Surplus Lands Act.

Should the City Council approve of the actions listed above, (a) the Property will be declared as "surplus real property" upon recordation of the resolution, under the San José Municipal Code Section 4.20.010(L) as well as "surplus land" under California Government Code Section 54221(b)(1), and (b) the City Manager, or her designee, will negotiate and execute a purchase and sale agreement conveying the Property to 288SOLD Realty Inc. for a purchase price of \$1,486,250.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

COST AND FUNDING SOURCE

There are no costs associated with this action. Revenue from this agreement/action will total \$1,486,250, less the buyer's broker fees of \$36,250 and escrow fees estimated at less than \$5,000. The net proceeds will be credited to the General Fund.

FOR QUESTIONS CONTACT: Lucy Armentrout, Senior Executive Analyst, City Manager's Office of Economic Development and Cultural Affairs, at Lucy.Armentrout@sanjoseca.gov.

Attachment
Property Description

