

May 16, 2018

Mayor Ralph Rubio and Members of the Seaside City Council
Seaside City Hall
440 Harcourt Avenue
Seaside, CA 93955
cityclerk@ci.seaside.ca.us

Subject: Agenda Item 10.B. APPROVE A PURCHASE AND SALE AGREEMENT (PSA) BETWEEN THE CITY OF SEASIDE AND ALFRED P GLOVER, DBA AS GLOVER ENTERPRISES, A SOLE PROPRIETORSHIP TO PURCHASE APPROXIMATELY FIVE (5) ACRES OF LAND AND TWO STRUCTURES IN THE FORMER FORT ORD COMMONLY KNOWN AS THE MEDICAL OFFICERS BARRACKS FOR A TOTAL PURCHASE PRICE OF \$750,000.

Mayor Rubio and City Councilmembers,

LandWatch supports the renovation of Medical Officers Barracks. It rehabs an existing structure; there's already infrastructure to support it; it's near city road network arterials and regional transit corridors; and development removes significant hazards and blight abutting natural areas and open space. However, we have significant concerns about how the City is proceeding.

LandWatch understands that Seaside is retreating on enforcing its inclusionary ordinance of "20 percent of the total units as inclusionary units restricted for occupancy by moderate-, low- or very low-income households" (Seaside MC 17.32.020), claiming that rehabs and renovations of existing structures are exempt. We urge you not to waive the requirement for moderate-, low- or very low-income households.

It appears that the developer is getting a sweetheart deal on the project, with one appraisal valuing the five-acre parcel at \$3.2 million. The city is selling the property for \$750k — significantly below the land value less cleanup. For comparison, the Shopette, the site of the new senior living facility at Monterey and Coe just north of Seaside High School, was recently sold for \$1 million, and its significantly smaller than five acres. With this much discount on the Medical Officers Barracks sale, why can't 8 of 40 units be affordable?

The disposition of the property below fair market without a public purpose would be a prohibited gift of public funds. Cal. Constitution, art. XVI, sec. 6. However, an exception to the prohibition on land transfers below market value can be made where the land is used for affordable housing because such "transfers of property fall within the well recognized 'public purpose' exception to the constitutional prohibition against the gift of public funds." California Attorney General Opinion No. 07-801 (Dec. 30, 2009), p. 12. The Attorney General opinion cites

California Housing Finance Agency v. Elliott (1976) 17 Cal.3d 575, 583, which upheld use of public funds for affordable housing programs only because "Under the public purpose doctrine, public credit may be extended and public funds disbursed if a direct and substantial public purpose is served and nonstate entities are benefited only as an incident to the public purpose." Without an affordable housing commitment, the sale of the property would leave the City open to a challenge. Accordingly, we urge Seaside to commit 20% of the units to moderate-, low- or very low-income households.

Regards,

A handwritten signature in black ink, appearing to read "Michael DeLapa". The signature is stylized with large, overlapping loops and a long horizontal stroke at the end.

Michael DeLapa
Executive Director