

RESOLUTION NO. \_\_\_\_\_

A RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA BARBARA DECLARING DESIGNATED PARCELS OF CITY-OWNED PROPERTY TO BE EXEMPT SURPLUS LAND PURSUANT TO SUBPARAGRAPH (J) OF PARAGRAPH (1) OF SUBDIVISION (f) OF CALIFORNIA GOVERNMENT CODE SECTION 54221 – PASEO NUEVO

WHEREAS, the City of Santa Barbara is the owner in fee simple of multiple parcels of real property, which together are commonly known as the “Paseo Nuevo Properties,” that it acquired from the Successor Agency of the Redevelopment Agency of the City of Santa Barbara pursuant to Successor Agency Resolution No. 15-099, City Council Ordinance No. 5731, and Grant Deed No. 61-456 recorded February 19, 2017 as Instrument No. 2016-0007814 in the Official Records of the County of Santa Barbara; and

WHEREAS, the addresses and Assessor Parcel Numbers of the Paseo Nuevo Properties include: 701 State Street, 739 State Street, 817 State Street, and 716 Chapala Street, Santa Barbara, CA 93101; Santa Barbara County Assessor Parcel Numbers 037-400-001, 037-400-002, 037-400-003, 037-400-004, 037-400-005, 037-400-006, and 037-400-019; and

WHEREAS, the City of Santa Barbara is the assignee of the Successor Agency’s rights and obligations under the “Paseo Nuevo Agreements” as identified in the *Assignment and Assumption of Paseo Nuevo Documents*, recorded in the Official Records of the County of Santa Barbara as Instrument No. 2018-001378, a copy of which is attached to and made a part of this Resolution; and

WHEREAS, the Paseo Nuevo Agreements include 75-year ground leases with different parties that have a remaining term of approximately 42 years, expiring on December 31, 2065, that restrict use of the Paseo Nuevo Properties to commercial retail, office, and service establishments (“Ground Leases”); and

WHEREAS, the Paseo Nuevo Agreements also includes a Construction, Operation, and Reciprocal Easement Agreement that restricts use of the Paseo Nuevo Properties to commercial retail, office, and service establishments for a duration that is co-terminus with the leases (“COREA”); and

WHEREAS, the Paseo Nuevo Agreements, including the Ground Leases and COREA, are valid legal restrictions not imposed by the City that make housing prohibited on the Paseo Nuevo Properties because they are existing constraints under ownership rights or contractual rights or obligations that prevent the use of the Paseo Nuevo Properties for housing that were agreed to prior to September 30, 2019; and

WHEREAS, the Paseo Nuevo Agreements are valid, legally binding agreements that constrain the use of the Paseo Nuevo Properties; and

WHEREAS, the Paseo Nuevo Properties have been developed under the Paseo Nuevo Agreements as a first class, high-quality, outdoor retail shopping center including anchor department stores, retail shops, restaurants, and commercial uses (“Paseo Nuevo Mall”); however, market conditions have substantially changed, the anchor stores have closed, the Paseo Nuevo Mall requires redevelopment, and the City of Santa Barbara and the lessees under the Ground Leases desire to redevelop the Paseo Nuevo Mall to achieve the highest and best use of the property; and

WHEREAS, to make redevelopment of the Paseo Nuevo Mall economically feasible, the City of Santa Barbara must convey the Paseo Nuevo Properties to the lessees under the Ground Leases under terms and conditions that will be established by the City Council during the course of a public process that includes review under the California Environmental Quality Act and necessary land use and other approvals; and

WHEREAS, there is no feasible method to redevelop the Paseo Nuevo Mall without conveyance of the Paseo Nuevo Properties to the lessees under the Ground Leases or to avoid or mitigate the Paseo Nuevo Agreements without agreement among all the parties thereto; and

WHEREAS, it is infeasible for the City to acquire the rights of the lessees under Paseo Nuevo Agreements, including the Ground Leases and the COREA, and such acquisition of rights is not required under applicable law; and

WHEREAS, this Resolution is adopted pursuant to Subparagraph (J) of Paragraph (1) of Subdivision (f) of California Government Code Section 54221.

NOW THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA THAT:

1. The Paseo Nuevo Properties are no longer necessary for City use and are exempt surplus land as defined in Subparagraph (J) of Paragraph (1) of Subdivision (f) of

California Government Code Section 54221 for the reasons stated above in this Resolution.

2. The City Council may dispose of the Paseo Nuevo Properties to the lessees pursuant to the Ground Leases for their respective leased parcels upon such terms and conditions as the City Council may establish following a public process for the review and approval of such disposal in accordance with applicable law, land use entitlements, and agreements necessary or convenient for the redevelopment of the Paseo Nuevo Mall.

3. This Resolution is exempt from the California Environmental Quality Act because the designation of the subject property as exempt surplus land does not have the potential for creating a significant effect on the environment and is not a "project" as defined in 14 Cal. Code of Regs. § 15378. Environmental review will be performed on any proposed redevelopment project and completed before any disposal of the property declared exempt surplus land by this Resolution.